

Bonnie H. Curd, Pace.  
 Marion W. Thornton, Pachuta.  
 Miss Archie Patterson, Pinola.  
 Thelma Zimmerman Landry, Waveland.

## OHIO

Cora M. Burns, Beloit.  
 Ethel A. Compton, Blacklick.  
 Martin M. Helwick, Bolivar.  
 John Maag, Foster.  
 Robert L. Stygler, Gahanna.  
 Howard C. Huhn, Hamden.  
 Carson D. Faber, Jeromesville.  
 Henry W. Myers, Luckey.  
 Harry G. Benjamin, Mount Blanchard.  
 George R. Daubenmire, Pleasantville.  
 Lema M. Collins, Proctorville.  
 Ralph W. Detrick, Quincy.  
 Mable L. Sloan, Rushsylvania.  
 Winifred Hine, Tallmadge.

## TEXAS

Wenzel P. Skarda, Bloomington.  
 Sallie C. Milburn, Bryson.  
 Henry Allen Jones, Cayuga.  
 John S. Cochran, Coahoma.  
 Robert Hugh McClanahan, Coldspring.  
 Lee M. Feagin, Colmesneil.  
 Mabel Cheek, Groves.  
 Harley Arnold, Maud.  
 Joe H. Victory, New Willard.  
 Merrill L. Carlton, Ringgold.  
 Cora Anderson, South Houston.  
 Simon D. Hay, Sudan.  
 James R. Oliver, Wells.  
 Laura A. Bruening, Westhoff.

## HOUSE OF REPRESENTATIVES

TUESDAY, NOVEMBER 23, 1937

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Blessed Lord and Savior, in the heart that knows Thy love is a sacred temple and all selfish voices die away at its threshold. We pray Thee to let the touch of Thy spirit be upon us and grant that hearts may be filled with love because we have trusted in Thy holy name; set our manhood in perfect poise with Thy will and endow us with the fortitude of brave men; keep us from submission to lower impulses. Heavenly Father, as life is a sacred trust, so splendid and urgent, we pray that the unaccomplished mission of our great calling may be to bring new-found happiness and contentment to all our people. Almighty God, we beseech Thee to turn this world away from battle and blood; O stop it from loving hate and hating love. In the name of our Redeemer. Amen.

The Journal of the proceedings of yesterday was read and approved.

## PAY OF PAGES OF THE HOUSE AND SENATE

Mr. TAYLOR of Colorado. Mr. Speaker, I send to the Clerk's desk a joint resolution and ask unanimous consent for its immediate consideration.

The Clerk read as follows:

## House Joint Resolution 516

*Resolved, etc.,* That for the payment of pages for the Senate and House of Representatives from November 15 to December 31, 1937, both dates inclusive, there are hereby appropriated out of any money in the Treasury not otherwise appropriated the following sums:

For 21 pages for the Senate at \$4 per day each, \$84.  
 For 47 pages for the House of Representatives at \$4 per day each, \$188.

Mr. TABER. Mr. Speaker, reserving the right to object, I understand this is a routine resolution for the same num-

ber of pages that were here at the last session, and this is the amount authorized by law.

Mr. TAYLOR of Colorado. The gentleman is correct, and I may say it has been the custom of Congress always to pay the pages up to the end of the month in which we adjourn, so that if we adjourn over the holidays and the pages are paid until the end of the month, that is nothing more than what has always been done. The pages are compelled to be here and they will have to stay here, and we feel that the precedent should be followed, and therefore I have provided in the resolution to pay them from the 15th of November to the 31st of December. This is all there is to the resolution. It has nothing to do with mileage of the Members of the House or anything else.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Colorado. Certainly.

Mr. RICH. Does not the chairman of the Appropriations Committee feel, in view of all these expenses being put on the Federal Government by the calling of this extra session, that it seems to have been a kind of ridiculous call, when we consider the amount of work we have been doing?

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## PERMISSION TO ADDRESS THE HOUSE

Mr. JENKINS of Ohio. Mr. Speaker, I ask unanimous consent that I may be permitted to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. JENKINS of Ohio. Mr. Speaker, probably the most serious matter that is claiming the attention of the American people at the present time is the tremendous recession that has taken place in the business, financial, and economic structures of the Nation in recent weeks. And the next most serious matter is, What are we going to do about it? What is the remedy? Who or what is responsible for it? Can Congress remedy it?

This depression is so serious that great care must be taken else the perpetuity of the Nation may be endangered. This is a situation that cannot be laughed off. It cannot be passed lightly with the wave of the hand or with a nonchalant attitude. Already the loss of values in the stock market and in many avenues of trade is almost as great as that of 1929 and 1930. The best financial experts of the country are noticeably worried about the situation, for they appreciate that in 1929 our national debt was only slightly above \$16,000,000,000 and the country could then stand an additional debt burden, but today the debt exceeds \$38,000,000,000 and is still piling up at the rate of several million per day. There must be a limit. With the country staggering under the greatest load of debt that ever afflicted any country in the history of the world, and with State and corporate and individual debts increasing, and with the national income still standing at many billions below the 1929 figures, it is little wonder that the financial experts of the Nation are worried. The wild theories of the New Deal "brain trusters" must now be discarded and the common sense and business knowledge of the men who know from experience must be called into play to save the country from ruin.

We have not forgotten the President's proud boasts that "we have planned it that way." We will remember his readiness to attach his own opprobrious cognomens to large classes of our citizens. "Economic royalists" and "princes of privilege" are samples of his daily diversions. On every hand it now appears that his proud, boastful spirit has been somewhat broken. His failure to appear in person with his great retinue of attendants to deliver his message to this special session of Congress, made special by his own edict, is evidence of his fear to face the music. His somewhat



kindly reference to businessmen in his message is a most remarkable come-down for him. He seems now to show some recognition of the fact that the days of flippancy and jest are over and that the more serious concerns of the day and times demand his attention and the best attention of our brightest minds and the thoughtful consideration of all our people. If our President has come to a recognition of our national condition, and will show his intention to do the things that he has so often promised—cut down expenses, prevent wasteful extravagance, and pay as you go—he will find that the American people will rally behind him for the battle to pull ourselves out of this depression.

The cause of this recent recession is the fact that the people have lost confidence in the administration's policies. This confidence will not be restored by idle promises. It will come only as a result of affirmative action. The psychology must be changed. The set-up must be altered.

Can Congress do it? No! Congress can do only its part. The Executive must acknowledge his errors and show unmistakable signs of assuming a different attitude and following a different course. When the Executive shows an honest inclination to do that which he thinks is best for the country without any regard to political advantage, I am sure that he can confidently count on the support of Congress.

Since the President in his message to Congress made scarcely any mention of this terrible recession in values, in employment and in production, we are prone to conclude that he is not yet completely divorced from his "idols." I am wondering what attitude he would take if Congress should again find itself and proceed to legislate as it was once proudly wont to do in its own name, upon its own responsibility and to its own glory. I firmly believe that now is the time for Congress to act. Now is the time for Congress to take from its nose the ring of servility. Now is the time for Congress to rise in its might and reclaim for itself and for the people the prerogatives that were given to it in the Constitution—the same immortal document that created the executive department and prescribed his dominion and his power.

With this thought in mind I have introduced a bill which I think expresses the wish and desire of millions of interested people and which meets the approval of practically all the businessmen, large and small, and the economists of the land, and which meets the approval of the man who works in that it will reflect itself in stability of employment for him. I have asked the Congress to repeal the surtax on undistributed profits as written in section 14 of the tax law of 1936. This section should never have been passed. It was born of the same parentage as all the other many unreasonable and unworkable laws of the President's playboy Cabinet.

When the revenue law of 1936 was being considered by the Ways and Means Committee, of which I have the honor of being a humble member, this section and others were opposed by me and others most vigorously. We opposed this measure on the floor of the House, but to no avail for the big Democratic majority was then eating out of the hand of its master. But things are changed now and I hope forever. We, the minority on the Ways and Means Committee, wrote a minority report on that bill which expressed my views cogently and forcefully. I think that the Republicans in Congress unanimously espoused the reasoning and arguments set forth in this minority report. So we Republicans are today, as we were in 1936, openly opposing the surtax on undistributed profits. The following is a copy of the bill which I have introduced:

*Be it enacted, etc.,* That the tax imposed by section 14 of the Revenue Act of 1936 (surtax on undistributed profits) is hereby repealed with respect to taxable years beginning after December 31, 1936.

Sec. 2. Subsection (d) of section 117 of the Revenue Act of 1936 (limiting the deduction for capital net losses to \$2,000) is hereby repealed with respect to taxable years beginning after December 31, 1936.

The following excerpts from the minority report filed by the Republican membership of the Ways and Means Com-

mittee in 1936 pointed a prophetic finger toward this present recession which is now threatening us:

If business is led to pay out all of its earnings during prosperous years, and is discouraged or prevented from building up reserves for "rainy days," the natural consequence will be that the peaks of future booms will be accentuated and the valleys of future depressions deepened. \* \* \*

The experience which the country has had during the present depression has amply demonstrated the necessity and value of reserves and their importance as a stabilizing influence. It is not pleasant to contemplate how much worse the depression might have been had the scheme of taxation now proposed been in effect prior to 1929, and business had entered the depression either stripped of its reserves or with only nominal amounts. Hardly a business would have been left standing; the army of the unemployed would have been more than doubled; the greater part of the population would have been forced on relief.

The reserves which they built up in the prosperous years were alone responsible for enabling thousands of organizations to continue in business during the depression, to provide jobs for millions of persons who otherwise would have been without work, and to maintain dividend payments. That, of course, is what reserves are for. Had more business firms pursued the wise and prudent policy of building up reserves in prosperous years to tide them over the lean years, the country would have been in a much better condition to meet the depression than it was.

It is apparent that the tax is in no sense a tax on corporate earnings but a penalty on the accumulation of protective reserves, on business rehabilitation and expansion, and on the payment of debts. \* \* \*

In penalizing reserves and exempting amounts distributed, the proposed scheme in effect punishes prudent business management and holds out a seductive invitation to improvident management. \* \* \*

The dangerous and unwholesome effect of any tax which discourages or prevents the accumulation of protective reserves while offering a bounty for improvidence is, we think, so apparent as to require little, if any, discussion.

All the above excerpts were written in honest candor. It was evident to any thinking man that this new tax scheme hatched from the brain of Professor Oliphant would not work. It was inconsistent with the tax-raising philosophy of our country. It was wrong. Subsequent events have proved our contention. Today the national welkin is ringing with the protests of businessmen everywhere. Not one single person to my knowledge has arisen to defend this tax. It is on its way out, and I insist that we repeal this law now. There is not one single reason to defer its repeal until the next session of Congress. It is not related or correlated in any such way as to make its amputation a dangerous operation to the remainder of the law. It can be easily severed and the law which severs it can be made retroactive so as to enable business to be free from this depressing influence at once.

I hope the Ways and Means Committee will have the courage to recommend the repeal of this tax completely and do it now. Business will not improve with this sword hanging over its head. Capital will be shy and will not venture into fields of danger. Government maintains itself from a share of the Nation's created wealth. This share should be collected in the least obnoxious way possible. It should not be collected at the end of a gun which eternally threatens the very existence of business. While business needs the protection of government, yet government could not function except for the barter and exchange of goods by the people. The welfare of the Nation is guaranteed best by a happy, prosperous people and not by a threatened people.

My bill also seeks to amend the capital gains and losses section of the 1936 tax bill. The proper method of levying taxes on capital gains and losses has baffled the acumen of the makers of tax laws for years. Tax laws generally are not very popular with any taxpayer, but unless a tax law has in it an element of fairness it is doubly unpopular; and a tax law that is unfair in its application is often not only obnoxious but destructive. There is a provision in the present capital gains and losses tax section which should be repealed because it has in it an element of unfairness that many object to. The tax on undistributed profits applies only to corporations, while the tax on capital gains and losses applies only to individuals. The earnings of an individual usually are not so involved and complicated as that of a corporation, and for that reason his gains and losses may more easily be matched or balanced.



In 1936 Congress amended the capital gains and losses tax law by adding subsection (d) of section 117. This subsection provides that only \$2,000 of capital losses might be applied against one's net income. For example, if one should sell one piece of real estate at a loss of \$15,000 and another at a gain of \$3,000, showing a net loss to him of \$12,000, he could only apply \$2,000 of this loss against his net income. On the other hand, if the process were reversed and he should sell his one piece of property at a gain of \$15,000 and his other at a loss of \$3,000, making a net gain of \$12,000, this net gain would be added to his income. If the latter proceeding is entirely proper, then the former should also be proper. To be just a provision of law must be fair.

My bill, therefore, repeals subsection (d) of section 117. The effect of this is to treat capital gains and losses exactly alike. This will be fair to the small taxpayer and also to the large taxpayer. The present law stifles trade. One wishing to trade is under the present law always confronted with the uncertainty and unfairness of this tax. If he makes a good deal, he is taxed out of proportion on it and if he makes a bad deal he is not allowed to balance one against the other in making up his general net income. The capital-gains tax in its present form is killing the goose that lays the golden egg. Rebellion against the unfair application of this tax is quite general. I believe the repeal of this subsection (d) will take the yoke from the neck of barter and sale with the result that more money would come into the Treasury than under the present law. At this present time the President and businessmen generally maintain that the great need is to have new capital engaged in the field of industry. New capital is shy. It is afraid. It has been pounced upon by minions of the administration as if it were a scourge to be stamped out upon first sight. Fear is the greatest detriment to trading. Confidence is the greatest stimulant to trading. Confidence is born of freedom and not of fear.

With these two amendments to the tax bill of 1936 I feel confident that a complaining public will be reassured; that business will be heartened; that the Government exchequer will be better sustained; and that we will do the one thing that, as much as anything else, will turn the tide of business on the upward grade again.

(Mr. JENKINS of Ohio asked and was given permission to extend his own remarks in the RECORD.)

Mr. FULLER and Mr. EATON rose.

#### EXTENSION OF REMARKS

Mr. FULLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by including a letter by William Green, president of the American Federation of Labor, addressed to the chairman of the Committee on Labor, with a copy mailed to each individual Member of the House.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The SPEAKER. For what purpose does the gentleman from New Jersey rise?

Mr. EATON. Mr. Speaker, I had in mind the same purpose that the gentleman from Arkansas has just stated.

Mr. SNYDER of Pennsylvania, Mr. VOORHIS, and Mr. THOMAS of New Jersey asked and were given permission to revise and extend their own remarks in the RECORD.

Mr. COX. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting three brief resolutions adopted by three of the great farm organizations with regard to the wage and hour bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

#### ORDER OF BUSINESS

The SPEAKER. Under special order of the House heretofore made, the gentleman from New York [Mr. DICKSTEIN] is recognized for 20 minutes.

Mr. DICKSTEIN. Mr. Speaker, my colleague from New York [Mr. O'CONNOR] would like to be heard first. I have no

objection to following him if it is agreeable to the House. I therefore yield precedence to the gentleman from New York [Mr. O'CONNOR].

The SPEAKER. Without objection, the gentleman from New York [Mr. O'CONNOR] will be recognized for 30 minutes ahead of Mr. DICKSTEIN.

There was no objection.

#### WAGE AND HOUR BILL

Mr. O'CONNOR of New York. Mr. Speaker, I have no intention of using the 30 minutes allotted to me because of a raucous voice and a throat that feels like an old-fashioned rasp. I shall defer most of my remarks until a future time, if ever. I did want to talk about a number of things, maybe "cabbages and kings," "ships and sealing wax," but I shall not do it today.

Let me take this opportunity, however, to say a few words about a matter which has been uppermost in the minds of Members and the country—the wage and hour bill.

A statement today was issued to the press, as follows:

The leadership has exhausted every possible effort to secure a sufficient number of votes in the Rules Committee to report out a resolution for the consideration of the wage and hour bill and finds there is no possibility of the bill being considered by that method.

As to the wage and hour bill, that is the situation so far as the Rules Committee is concerned; and, of course, everyone should know the situation without any delay or equivocation.

We read about the wage and hour bill every day in the newspaper. We read about it this morning in the press, and it seems to be still "confusion worse confounded." I cannot agree with the suggestion made today. As I announced sometime ago, I would personally oppose, as far as I could, any attempt to take the bill back to the House Labor Committee, because to do so, in my opinion, would jeopardize the possibility of passing the bill during this special session of Congress.

Mr. Speaker, I believe that there are two things at least this special Congress should do, and that is to pass a farm bill and a wage and hour bill. [Applause.]

There has been a lot of confusion about the wage and hour bill and the part the Rules Committee has played in it. The Labor Committee was most diligent in the matter. As I recall it, that committee got the President's message on the wage and hour bill sometime last May. The Labor Committee reported the bill a few weeks before the Congress adjourned on August 21. Thereafter an informal application was made for a hearing before the Committee on Rules, and the rule, against which a petition is now lodged at the Speaker's desk to discharge the Rules Committee, was filed with the Rules Committee less than 7 days before the Congress adjourned. The petition now at the desk, if completed with 218 signatures, would bring this bill up on December 13, which is the earliest day on which it could come up under the rules.

Since the President proclaimed this special session there have been many views on the bill from different sources—labor, the Department of Labor, and the President. Many vital changes of opinion in reference to the bill have been suggested, so that today considerable confusion reigns in reference to the measure. Why the worth-while principle involved in the measure should be so beclouded I am at a loss to understand.

Let me refer to something that many people have overlooked. What is the normal method of considering a bill in the House of Representatives? In an average Congress there will be 15,000 bills introduced. There will be two or three thousand passed out of committees. There will be 800 or so become law. It is rare that over 40 of those bills are ever brought in by the Committee on Rules. How are they handled? Of course, the Ways and Means Committee, the Committee on Appropriations, the Committee on Accounts, and some other committees have a privileged status. Then we have particular days for the consideration of bills affecting



the District of Columbia; then there is the Consent Calendar and the Private Calendar; and also we have Calendar Wednesday. Mark you the importance of Calendar Wednesday. That is the way bills are usually brought before this House; and there is no power under the sun by which the Rules Committee can stop the consideration of a bill if the advocates of the bill stay with it long enough to bring it up on a Calendar Wednesday.

Last Wednesday was Calendar Wednesday, and the Labor Committee was twenty-fourth on the call. As far as some of us knew, no committees were ready, and this bill might well have been taken up on that Calendar Wednesday, or it might be reached tomorrow, which is another Calendar Wednesday, and then considered in the usual and normal course. The friends of the bill can then stay with the bill and pass the bill, and there is very little difference between that method and taking up the bill under a discharge petition. I had hoped all along that the other committees would not take time on Calendar Wednesday during this special session, so that we might meet the wage and hour bill on Calendar Wednesday, the normal method by which bills are reached in this House.

I say this so that the leaders and the proponents of this measure may watch their chance on Calendar Wednesday, because if we stay here long enough no Rules Committee which was ever created could prevent the consideration of that bill or any other bill.

So much for the hour and wage bill. I have always hoped that it will be considered in this House, and everybody knows what some of us have done in our efforts to get it before the House.

Mr. Speaker, if I had taken my whole time I would have talked about many other things. I would have talked about our business situation, the serious recession which we have gone through in 3 months, and I, for one, do not believe we should postpone definite assurances to business.

It does not satisfy me to postpone until the regular session the necessary changes in the tax laws to relieve business of its burden. The most important thing confronting us today is unemployment [applause], which in 3 months in my own State and city of New York, for instance, has fallen to a low which is lower than that of 1929, and on account of the business situation, on account of the fear of business from taxes, the fear from Government interference, from "snooping," from "prying" into persons' private affairs. [Applause.] Oh, I am not interested in the applause on the minority side. [Laughter.] I know the Republicans are playing politics. They should not do it with misery, however. I am concerned with the situation of unemployment. You are not going to get people back to work until you encourage private business to employ people. [Applause.]

I have had a little to do with housing myself. I believe the greatest field for the recovery of America and for taking up the slack in employment is in the building of millions of homes, which we are short of in this country. [Applause.] I believe that will put more people to work than any other great undertaking we could enter into. It is all right to talk about building homes. It is all right to talk about building new houses, that there is a need for them. But what happens when you build them? Suppose you get business to go into the building of houses. Suppose you get material men to reduce their costs. Suppose you get labor to make some agreement as to an annual wage; before you can get any Government agency like the Federal Housing Administration, for instance, to agree to guarantee the mortgage on a home, they investigate the capacity of the person who is going to buy the house to pay for it, and usually over a long term of years, 20 years. They find out whether the person who is going to buy the house has a job, and a steady job. So if you do not start at the base and correct the unemployment situation and give people jobs and some stability in their jobs, you are not going to have any customers for the houses that you build. [Applause.]

The Government of the United States cannot furnish employment for 60,000,000 people. There are 5,000,000 employers in this country who furnish, on the average, employment for 10 or 12 employees each. They are the ones who furnish employment for the people of this country. It is in their behalf and in behalf of the employees of this country that I believe, before this special session adjourns, something should be done to meet the situation which is in our midst right now, a tremendous business recession or depression, practically leading up to a repetition of those calamitous days of 1929. [Applause.]

Mr. Speaker, I yield back the balance of my time.

The SPEAKER. The gentleman yields back 19 minutes.

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that the gentleman from New York may agree that his time stand, that I may have 2 minutes in which to address the House.

Mr. O'CONNOR of New York. I yield to the gentleman from Texas.

The SPEAKER. The gentleman from Texas asks unanimous consent that, notwithstanding the previous order of the House, he may address the House for 2 minutes. Is there objection?

There was no objection.

Mr. RAYBURN. Mr. Speaker, I quite agree with my distinguished friend from New York [Mr. O'CONNOR] that the two outstanding things this special session of Congress should do is to pass, as nearly as we can, a permanent farm program and a wage and hour bill. [Applause.] Every other source by which consideration of wage and hour legislation may be reached has been exhausted, by the Speaker of the House in diligence, by the chairman of the Rules Committee in diligence, by the whip of the House, and by myself. I have today done the only thing that I could do to try to help move this bill to speedy consideration in the House. I have followed the course that I trust 217 other Members of the House may follow. Today, joined by the whip of the House, the gentleman from Pennsylvania [Mr. BOLAND], I have signed the petition to discharge the Committee on Rules. [Applause.]

#### UN-AMERICAN ACTIVITIES

The SPEAKER. Under special order of the House the gentleman from New York [Mr. DICKSTEIN] is recognized for 20 minutes.

Mr. DICKSTEIN. Mr. Speaker, ladies and gentlemen of the House, it was very encouraging to all true lovers of this country and its institutions to hear the remarks made by the Honorable J. Wallace Leyden, judge of the Court of Common Pleas of Bergen County, N. J., wherein he stated to a number of German applicants for naturalization:

You can't be both an American and a German. You must be either one or the other. I consider membership in the German-American Bund sufficient grounds for denying citizenship.

This courageous stand by a judge of the New Jersey courts is so much at variance with a number of other judicial officers in the United States that it deserves special mention and all the encomiums which may be heaped on a public-spirited American.

It was my intention to introduce a bill which I hope will meet with the approval of the House—that membership in any organization which advocates dictatorships be a sufficient ground for denial of American citizenship. As Judge Leyden said, "It seems obvious that a person believing in dictatorships cannot also believe in the American form of government," and it is more than an insult to the intelligence of our electorate to tell us that dictatorships are a good thing for one country while America may continue as a democracy. Any such statement is merely lip service to America and not an honest expression of a person's opinion.

In our naturalization laws we saw fit to insert a clause barring from American citizenship any person believing in what advocates the principles of anarchism. We should go a step further and amend our naturalization laws so as to



bar from American citizenship any person who believes in or advocates the principles of a dictatorship, whether of the right or of the left, or any form of government which came into such prominence in Europe in the last few years under the name of fascism, totalitarianism, authoritarianism, or what-not. It is high time that our democracy take a dynamic and positive stand, rather than be left on the defensive, a prey to the winds of dictatorships which have been sweeping the world.

I must also advert, in passing, to the noble words of Viscount Cecil, the English statesman who just won the Nobel prize for peace. He stated in his speech that the democratic nations have been pursuing a rather passive policy and were not actively engaged in displaying to the world their common desire to do away with the ravages of war and to reestablish order and respect for international law among the nations of the world.

He pointed out that the great democracies of England, France, and the United States could, by pursuing a definite and active policy of peace, counteract the interference of the lawbreakers who are determined to bring about an upheaval of the existing situation in the world so as to "fish in troubled waters."

I believe every lover of peace will find food for thought in the remarks of this enlightened statesman and that all of us who believe that the last great war fought should have been the last war fought, at least as far as we are concerned, will find encouragement in this positive attitude of Viscount Cecil.

A glance at this morning's newspaper, with its scarey headlines, showing the continuous aggressiveness of Fascist powers, must convince every right-thinking American of the necessity of eliminating from within our midst any threat to peace and harmony among our own people, if we wish to present a united front to the world and if we wish to play our part in maintaining world peace.

It was not in vain that for many months past I have pleaded with my countrymen to let us have a congressional investigation to examine into the matter for a true and correct picture of all the subversive elements from within and without which are seeking to disrupt this peace and harmony prevailing among our people.

Envious eyes have been cast in many directions, including our country, by nations which are not satisfied with the existing conditions in the world, and groups of our citizens are sought to be arrayed against other groups with the desire to bring about a cleavage and destroy the well-being of our commonwealth.

And so I am of necessity compelled to turn my attention to the many subversive organizations which roam around this country at will and, under the guise of free speech, do their mischievous and destructive work in splitting our country into warring and mutually antagonistic groups. The spearhead of all these subversive forces has been directed particularly against our own New Deal and against the President of the United States. Our President is "charged" with many "crimes and misdemeanors." He is charged with having brought about peace and contentment where there was strife and dissatisfaction; he is charged with enabling large portions of our people, who have been hitherto underfed and underclothed, to find a useful place in our society; he is charged with having put business where it belongs in not permitting it to rule our Government and Commonwealth, while allowing it to play its legitimate part in the affairs of the Nation; he is charged with having permitted labor groups in this country to obtain a just reward for their work; he is charged with having sought to readjust our tax structure to suit the real needs of this country; he is charged with having permitted the people as a whole to have a voice in the government rather than listen to the chosen few who were the "advisers" of his predecessors. In short, the "crime" of our President consists in having listened to the voice of the com-

mon people and trying to aid the common man and the underprivileged and in so shaping our legislation as to afford a measure of social justice to the masses.

It is clear that these voices of malcontents which were heard so profusely in the public press and on the public platform in the last few weeks have been seized upon and exploited by all these subversive elements, which I had occasion to heretofore expose on the floor of the House and elsewhere. It is these same subversive elements which are pouncing upon our President, ridiculing our statesmen, and setting at naught their efforts to so readjust our American life as to bring contentment to the masses and new hope to the underprivileged.

I found it to be invariably true that subversive elements will attach themselves to every unprogressive and illiberal action and will always be found in the ranks of the stand-patter and reactionary.

Mr. Speaker, in order to follow up a recent speech of mine, *Fascism Marches On* in the United States—and it has marched on to a great extent since last I spoke on this floor at the last session—I respectfully now make the announcement that the un-American activity groups, known as the German bund—and by that I do not mean the German people or American people of German extraction—have now opened their twenty-fourth camp at Stamford, Conn., known as Camp General von Steuben, and this camp, consisting of 180 acres of ground, is to be one of the largest camps for fascism in these United States of America.

I also want to call your attention to the fact that there is another camp, which will make the twenty-fifth, to be opened within the next month. It is now being negotiated for on the outskirts of New Haven, Conn., which will be a plot of ground containing 150 acres. That will make the twenty-fifth camp in the United States teaching fascism, and building a Fascist army in this United States.

I do not think that the Congress of the United States is taking this matter up with sufficient seriousness. When you tell me that it cannot happen here, I do not quite agree with you. It is happening here every day in the week. You now have 25 camps in the United States with a membership of 450,000 men, and you have a membership of almost 100,000 women who joined the menfolks in these various activities which tend to upset our form of government in one form or another.

At this point, Mr. Speaker, I beg this House, if I may be permitted, to extend my remarks and to include therein an article by the *New York Times Magazine*, dated November 21 which gives the results of an investigation of nazi-ism. It gives a full picture of what is going on in this country and other parts of the world. When you read that statement you will be convinced that we have a menace within our own borders.

Mr. Speaker, I ask unanimous consent to insert in my address at this point the article published by the *New York Times Magazine*, one of the very responsible newspapers of this country.

The SPEAKER pro tempore (Mr. STARNES). Is there objection to the request of the gentleman from New York?

Mr. COX. Mr. Speaker, reserving the right to object, and I do not intend to, will the gentleman permit me to ask a question?

Mr. DICKSTEIN. Gladly.

Mr. COX. Does not the gentleman think that his position would be very much strengthened if he would broaden his resolution to cover the Communists, who are quite as active, if not more so, than the Fascists?

Mr. DICKSTEIN. I hope to enlarge this investigation, and I ask the gentleman's support on the Rules Committee. He was very kind to me the last time. I will broaden it to include all of them.

Mr. COX. I am very much interested in the matter which the gentleman is discussing, but I think the danger



to this country is not so much from the Fascists as it is from the Communists who are carrying on a very much wider campaign.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The article referred to is as follows:

[From the New York Times Magazine of November 21, 1937]

HITLER ENLISTS THE GERMANS EVERYWHERE—TO ENHANCE THE POWER OF THE REICH THE NAZIS PROCLAIM THE NEW THESIS OF THE RACIAL STATE

(By Otto D. Tolischus)

BERLIN.

Adolf Hitler came to power in Germany through a hectic campaign against bolshevism, democracy, and the Jews. The same kind of campaign is now being waged on an international scale to carry Germany to power in Europe. But like most campaigns of hate, this one has also turned against its authors, and for millions of Germans scattered throughout the world it has turned into a boomerang that is threatening their existence.

In most countries today, whatever their attitude toward the objects of National Socialist attacks, it is the National Socialists themselves who are regarded with increasing suspicion. Almost all countries are beginning to adopt precautionary measures against them. In many, including that other German State, Austria, all native National Socialist organizations have been suppressed; in others, including the United States and Great Britain (but also Germany's friends, Poland and Hungary), police and parliamentary investigations of National Socialist activities are common; and on the European Continent the whole German element outside the Reich, whether National Socialist or not, is being subjected to increasing restrictions that are matched only by the treatment of the Jews in Germany.

So keenly is this development felt in the Reich that the spokesmen of the regime, from Hitler downward, are taking every opportunity to assure the world that national socialism is not imperialistic and to ridicule the idea that every German servant girl abroad is a disguised Gestapo agent or a spy. At the same time Baron Constantin von Neurath, Germany's Foreign Minister, has served notice on the world that the Third Reich will tolerate no discriminatory measures against National Socialists abroad, and Dr. Hanns Frank, Reich Minister and juridical leader, has threatened retaliation against states making national socialism a crime.<sup>1</sup>

One reason for this growing anti-Germanism is the intense nationalism sweeping all countries in Europe. Faced with the possibility of a "totalitarian war," each nation has become suspicious of every other nationality within its sphere of power, and the life of national minorities has become more precarious than ever.

Another reason is that every ideological front creates a counter-front: faced with the dictum of the dictators that "the Europe of tomorrow will be Fascist,"<sup>2</sup> those unwilling to surrender are organizing to defend themselves.

But the deepest reason, which impelled even tolerant countries to take measures against the "National Socialist peril," must be sought in another realm, and that is the conception of the state and nation introduced by Hitler as a new element in the modern world. Heretofore—in Germany especially, but also elsewhere—the state was conceived in the Hegelian sense as the final unit of human organization, which, by virtue of that character, claimed sovereignty. Within that state all nationalities, races, and creeds were supposed to find their home, and every ambition looking beyond that state was "imperialism," still so regarded by Fascist Italy.

Hitler's doctrine disclaims "imperialism" based on the conquest or "Germanization" of subject races, although it does not exclude colonies and even calls for the "Germanization" of alien land when needed.<sup>3</sup> But it also disclaims the state as the final organizational unit and puts in its stead a new organism, namely, the nation, or better still, the "race" as determined by the homogeneity of "blood."<sup>4</sup>

In doing so, it goes far beyond the national urge which led to the unification of the national states of today; even beyond the doctrines of the Pan Germans. It not only envisages the unification of the solid bloc of Germans in central Europe according to the dictum that "like blood belongs within a common Reich,"<sup>5</sup> but it includes in the new organism every member of the "race" wherever he may be and to whatever state he may belong. It puts all of them—legally if they are Reich citizens, morally if they are citizens of another state—under an "inborn" tribal law<sup>6</sup> which obligates them to a new loyalty and a new discipline within an "indissoluble community of blood and destiny uniting the Ger-

mans all over the world,"<sup>7</sup> and treats every frondeur as a "traitor" or a "renegade."<sup>8</sup>

All statesmen agree that, above reason or self-interest, every state that courts permanence must be animated by some integrating principle of almost religious authority, able to command super-rational loyalty and support; and that, where such a principle is lacking or has disappeared, a new one must be created or the state perishes. Racism, raised to mystic heights, is Hitler's method of integrating the German people, not only into a state but into a "superstate" community,<sup>9</sup> inspired by the community of the Anglo-Saxon world, but organized with German methods in order that there may arise the "Germanic Reich of Teutonic nationality" proclaimed by Hitler at Nuremberg this year.

"Had the German people possessed that herdlike unity which served other nations so well," says Hitler in his book, "the German Reich would today be the mistress of the earth."<sup>10</sup>

This racialism, which envisages an ideological empire surpassing all state borders, is not a biological but a political and juridical construction, designed to fit the special situation of a people conceived as a national unit owing allegiance to one central authority but scattered all over the world. It thinks in terms of a nation of 100,000,000, of whom only 67,000,000 live within the borders of the Reich—a nation whose language every sixth European speaks as his mother tongue, but which, even in central Europe, is divided among 15 different states.<sup>11</sup>

To mobilize these millions outside of the Reich, from which he himself had come, Hitler had to find another principle than the "etatism" of the pre-war period, which, despite the various "pan" movements, thought in terms of states and governments rather than of a whole people; and racialism was the answer to his prayer.

In that sense German racialism represents the other side of German anti-Semitism, on which it was nurtured. Like most nations of today, what is known as the Deutsche Volk is in itself a hybrid people,<sup>12</sup> composed of Germanic, Celtic, Slavic, and Lithuanian elements; even the name of Prussia comes from a Lithuanian tribe.<sup>13</sup> Being a political construction this racialism was also reared only on attacks against races without political power behind them principally the Jews; the Japanese and Chinese Governments quickly put a stop to any discrimination against their nationals. But as long as National Socialist racialism remains a useful weapon, anti-Semitism, its counter pole, must also remain a fundamental doctrine of the National Socialist regime.

To reach its aims, however, racialism must also have a worldwide organization and an instrument of power. The first is the National Socialist Party and its associated bodies, which provide the new ideology with a "fighting representation, just as the Marxist Party organizations free a path for internationalism";<sup>14</sup> the second is the totalitarian state which is merely "a means toward an end," the end being "the maintenance of physically and spiritually homogeneous living beings."<sup>15</sup>

By aim and nature both state and party exclude every alien racial element, but, conversely, make every German eligible to high positions in them irrespective of place of birth or citizenship. Hitler himself was born in Austria; Rudolf Hess, his party deputy, was born in Egypt; Richard Darré, the food minister, in the Argentine; and Ernst Wilhelm Bohle, the foreign office chief of the party's foreign organization, in England. And party, government, and German Reichstag contain numerous Germans of foreign citizenship who merited preferment by services to the National Socialist cause, even if in doing so they incurred the displeasure of their native states.

It is in this all-inclusive and totalitarian sense that all National Socialist pronouncements and demonstrations must be viewed. "Blood knows no borders" is the National Socialist slogan, and the same thought swings between the lines of most official National Socialist speeches. But the most complete exposition of the racial doctrine has been penned by Josef Huenerfauth in an article in the N. S. Z. Rheinfront, an organ of advanced National Socialist thought, in which he writes:

"Primarily we are not citizens of States, but racial comrades. The certificate of State citizenship is an easily exchanged possession, but membership within one's people is something immutable, granted by God. . . . Proceeding from the racial realization, we include in the league of national comradeship all who are of German blood. In addition to those who live in the Reich we count the many millions of tribal brothers whom fate has scattered all over the world. This produces a great community of German kind, which has its members in all states of the world, and which finds its proud refuge and kernel in the Reich of Adolf Hitler. . . . There lives a law which unites beyond borders and distances, and that is the law of blood brotherhood."

<sup>1</sup> Dr. Wilhelm Frick, Minister of the Interior, in proclamation on Day of German Folkdom, September 17, 1937.

<sup>2</sup> Ernst Wilhelm Bohle, foreign office head of the National Socialist Party's foreign Gau, in speech at Stuttgart, August 30, 1937.

<sup>3</sup> Frick, in speech before German Foreign Institute in Stuttgart, August 14, 1937.

<sup>4</sup> Volksdeutsche Arbeit, issued by the People's League for Germanism Abroad, 1937, p. 4.

<sup>5</sup> Mein Kampf, pp. 437-438.

<sup>6</sup> Language map of central Europe, by Dr. Friedrich Lange.

<sup>7</sup> Mein Kampf, p. 43.

<sup>8</sup> Brockhaus, Handbuch des Wissens, 1922.

<sup>9</sup> Mein Kampf, pp. 422-423.

<sup>10</sup> Ibid., p. 433.

<sup>1</sup> Proceedings of Stuttgart Congress of Germans Abroad, August 29 to September 5, 1937.

<sup>2</sup> Mussolini in Berlin speech, September 28, 1937.

<sup>3</sup> Hitler's "Mein Kampf," pp. 1, 430.

<sup>4</sup> Ibid., p. 421.

<sup>5</sup> Ibid., p. 1.

<sup>6</sup> Das Neue Strafrecht, by Dr. Franz Guertner, Reich Minister of Justice, and Dr. Roland Freisler, State Secretary in the Reich Ministry of Justice, p. 42.



This means that there shall be no further naturalization of German citizens abroad, and where other citizenship has been acquired or enforced the perpetuation of the hyphen to the child and children's children.

And the final implications of that doctrine are drawn by those publications which object to the restriction of the term "Germany" to the German Reich<sup>17</sup> or advocate the exemption of citizens of foreign nationality in a war against a state of their own nationality as the only solution of the "dilemma between treason to the state and treason to the race."<sup>18</sup>

"This standing together of Germans with Germans," says the *Voelkische Beobachter*, "may be an unwonted sight here and there in the world. But it has become a fact. It will have to be accepted."

And it will have to be accepted because, as is so often emphasized in all National Socialist speeches, the Germany of Adolf Hitler is no longer the Germany of Versailles, but, rather, "thanks to her racial attitude and her military strength, a world power governed by a sovereign national regime."<sup>19</sup>

By its nature the doctrine of racial solidarity above all state borders is a powerful lever against the solidarity of all other states with German elements, whether these states are purely German, like Austria, or "nationality states," like Czechoslovakia, or "melting pot" states, like the United States and Brazil. But it is also part of the Hitler doctrine that only national states serving the purpose of racial development have a right to existence. "States which do not serve this purpose are misconstructions, even deformities, the fact of whose existence affects this statement as little as the success of a filibustering community, for instance, justifies robbery."<sup>20</sup>

At the same time, the National Socialists are not only prophets of a new dogma but also political realists who believe in politics as the "art of the possible." Hitler, in particular, is regarded by his followers, to use his own words, as that rare combination of "program maker and politician which arises only once within long periods of humanity"—a combination in which "the greatness of the program maker lies in the absolute abstract rightness of his idea, while the greatness of the politician lies in his right attitude toward the existing facts, and an efficacious use of them, in which the aim of the program maker must serve as his guiding star."<sup>21</sup>

And Dr. Joseph Goebbels, Minister of Propaganda, is constantly exhorting the German people to think and act "politically"; to realize that in politics they must at times be "wise as serpents and harmless as doves", because history decides right or wrong, not according to the methods used but according to success.

Now the reality facing National Socialist racialism is the existence of other states which exercise sovereignty over all their citizens and residents, including those of German race. This reality forces the National Socialist regime, both party and government, to separate theory from practice and to make a strict distinction between Germans of German citizenship living abroad and Germans of foreign citizenship, to which may be added as a third category the "lost tribes" of Germanism, such as the Netherlands, Scandinavians, and German-speaking Swiss.

This distinction is rarely stressed in National Socialist speech or writing, which almost invariably address themselves to the "nation of 100,000,000," and it is almost unknown among the Germans abroad. All kinds usually attend the Pan German congresses and have, by special appointment of Hitler, their own home capital in Stuttgart. But for legal and diplomatic purposes the three categories are strictly separated in name and organization as follows:

The Germans of German citizenship living outside the Reich are called "Auslandsdeutsche" and are organized in a foreign Gau, or province, ruled by the Foreign Organization of the National Socialist Party (N. S. F. O.) and headed by Ernst Wilhelm Bohle as provincial governor. The foreign gau is formally anchored in the German state through the appointment of Bohle as "chief of the foreign organization in the foreign office." As such he was placed under the personal and direct authority of the foreign minister. The greeting of the "Auslandsdeutsche," who by Bohle's dictum are all National Socialists,<sup>22</sup> is "Heil Hitler!"

The Germans of foreign citizenship are called "Volksdeutsche," or "racial" Germans; the organization which "takes care" of them is the "Volksbund fuer das Deutschtum im Ausland," meaning the People's League for Germanism Abroad, or more briefly, the V. D. A. It is technically a private organization, financed by membership fees and tag-day collections, the token of which is the modest cornflower. But in contrast to the N. S. F. O., its work must be "quiet and without loud propagandistic effects" because of foreign opposition at the scene of action.<sup>23</sup> The greeting of the Volksdeutsche is "Volk Heil!"

Cooperating with both these organizations is the German Foreign Institute in Stuttgart, now headed by Dr. Stroelin, the burgomaster of the town. It is the scientific institute for Ger-

manism abroad; it has a library of 45,000 volumes, keeps 800 German newspapers and 400 magazines, and maintains correspondents in all parts of the world.

The only organization existing for the larger Germanic community, as distinct from the "deutsche," is the Nordic Society at Luebeck, headed by Hinrich Lohse, the local provincial governor. It is a propagandistic organization in which the leading National Socialist orators expound the idea of Nordic solidarity.

The foreign Gau has a population of between 2,000,000 and 3,000,000, consisting of the German citizens living abroad and some 70,000 sailors. It has been created on the legal principle that "the penal laws of the Reich apply to offenses committed by a German national at home or abroad,"<sup>24</sup> which means that the Third Reich extends jurisdiction over its citizens all over the world, and that they remain subject to its laws, including, of course, the racial segregation laws, wherever they live. It is merely a slight extension of this principle to assert that "whatever the Germans have to settle among themselves," even when abroad, is merely a German "domestic" affair.<sup>25</sup>

Organizationally the Foreign Gau consists, first, of an elaborate headquarters in Berlin with 32 subdivisions including a press office, a Gau court, and 8 regional offices, among which that for North America is the sixth; second, of 1,097 seafaring and 548 local groups or "supporting points" all over the world. There are none, it is stated, in the United States and Soviet Russia, but in 45 countries the individual groups are comprised in regional organizations under "land group leaders."

The project advanced by Bohle to give these group officials recognition by providing for their invitation to official functions in foreign lands in company with German diplomatic representatives,<sup>26</sup> and the additional project of sending "kultur attachés" abroad, advanced by Hanns Johst, president of the Reich Chamber of Literature,<sup>27</sup> have since been dropped in that form because of immediate foreign opposition; but the Swiss press points out that a successor to the assassinated Wilhelm Gustloff, land group leader for Switzerland, has been appointed—Baron Von Bibra, German legation counselor at Bern.

According to Bohle these groups of the N. S. F. O. are in character and work analogous to the clubs, associations, and leagues of other nationals in foreign lands.<sup>28</sup> And it is constantly emphasized, first, that these particular groups are for German citizens only; second, that all German citizens abroad are under strict instructions to obey the law of the land and to keep out of its domestic politics; third, that far from trying to infiltrate the National Socialist "poison" into foreign nations, Germany is jealously intent on keeping national socialism for herself.<sup>29</sup>

At the same time the N. S. F. O. groups abroad are also supposed to be both combative and totalitarian. It is their task, first, "to propagandize and fight day by day for the adhesion of every honest German to our movement";<sup>30</sup> second, to displace the older German clubs and Vereins of "unpolitical" character and thereby provide for all Germans abroad a totalitarian cell or "ersatz framework" of the Third Reich;<sup>31</sup> third, to promote German prestige, interests, and exports abroad, and, in particular, displace Jewish commercial representatives of German firms.<sup>32</sup> The sport periodical which urged Germans traveling abroad to note roads and landmarks exceeded, therefore, the official instructions.

Furthermore, being both National Socialist and totalitarian, the foreign groups of the party are by no means voluntary associations, and an assertion that they were contained in the translation of Bohle's speech in London as furnished to the British press was not contained in the speech itself.<sup>33</sup> "We organize more thoroughly, perhaps, than others," said Hess; "we are, after all, Germans."<sup>34</sup>

To organize successfully, however, there must be, first of all, organizers and, secondly, reward and punishment for those to be organized.

The organizers are now trained in a special "foreign political training school," founded by Alfred Rosenberg, the supervisor for the ideological indoctrination of the National Socialist movement. They are jurists, economists, commercial agents, scientists; of high technical efficiency and a knowledge of both French and English, who undergo another 6 months' training in National Socialist ideology, foreign policy, bolshevism, Germanism abroad, racialism, press, languages, society manners, and sport. Graduation from this school assures them either admission to examinations for the foreign diplomatic service or employment in German business organizations abroad.<sup>35</sup>

<sup>17</sup> Guertner and Freisler, p. 42.

<sup>18</sup> Dr. Goebbels, in speech at Stuttgart, September 4, 1937; Bohle, in speech before German colony in London, October 1, 1937.

<sup>19</sup> Berliner Tageblatt, August 22, 1937.

<sup>20</sup> Bremer Nachrichten, September 5, 1937.

<sup>21</sup> Bohle, in London speech.

<sup>22</sup> Rudolf Hess, in a speech at Stuttgart, August 30, 1937.

<sup>23</sup> Dr. Emil Ehrlich, Die Auslands-Organisation der N. S. D. A. P.: Ten Commandments for Germans Abroad.

<sup>24</sup> Ibid., p. 13.

<sup>25</sup> Hermann Goering, in speech at Stuttgart, September 2, 1937.

<sup>26</sup> Manchester Guardian, October 2, 1937.

<sup>27</sup> Hess' speech at Stuttgart, August 30, 1937.

<sup>28</sup> News Bureau of German Newspaper Publishers, October 15, 1937.

<sup>29</sup> Friedrich Koepf, in Deutsche Arbeit, May 1937.

<sup>30</sup> C. von Kuegelgen, ibid., June 1937.

<sup>31</sup> Hitler, speech during meeting with Mussolini, September 28, 1937.

<sup>32</sup> Mein Kampf, p. 434.

<sup>33</sup> Ibid., pp. 230-231.

<sup>34</sup> Bohle, in Stuttgart speech.

<sup>35</sup> Volksdeutsche Arbeit, issued by the V. D. A., 1937.



As to reward and punishment, all German citizens abroad loyal to the cause receive full backing and support of their government, which also controls the business organizations of the Reich. They can count on the support of the German press abroad, which comprises 37 newspapers and periodicals, including 14 official party papers; and they find other benefits in conformity, such as material aid and credit in business and relief in distress; free vacations and cures for their sick, and schooling for their children within Germany; also, an adequate supply of German reading and films, and cheap vacation trips with the "Strength Through Joy" agency; finally, liberty to return to the Reich.

Those, on the other hand, who refuse to be "coordinated" must count on the boycott of all their organized fellow citizens. If they still refuse, their passports may be withdrawn, and if that fails to convert them, they are likely to be deprived of their citizenship and any German academic degrees they hold. The long lists of those so treated, continuously published in the official Gazette, are tokens of the power wielded by the group leaders abroad. And if a prominent German should change his citizenship, he may count on denunciation as a "traitor" in the home press.<sup>36</sup>

But the real value of the N. S. F. O., beyond the mere "coordination" of the two-million-odd German citizens abroad, is perhaps best expressed by an article on Bohle in the September 2, 1937, issue of the *Deutsche Weckruf und Beobachter* of New York, which must be considered an authority on the subject. It writes:

"The creation of this organization, the round 600 groups of which are scattered all over the world \* \* \* is one of the boldest strokes of racial policy. That it succeeded is an achievement the consequences of which for millions of German descent beyond the borders of the Reich, and conversely, for the development of the Reich itself, cannot yet be estimated.

"Thanks to the steadily increased and improved work of the Foreign Organization, the life of the German racial community in all foreign countries received a firm nucleus which is strong enough to withstand, if necessary, the heaviest strain, and elastic enough to meet all peculiarities of the respective locality. All those who are sincere about our Germanism abroad have long since realized and gladly admit that we owe in increasing measure the assurance and resurgence of our racial life in the midst of foreign nations of this nucleus and to the strong national Socialist spirit which animates the entire Foreign Organization."

Although, therefore, the N. S. F. O. comprises only citizens of the Reich, it naturally becomes the center of life for all those Germans of foreign citizenship who are won for German racialism. And that they shall be so won is the task of the V. D. A.

The V. D. A. was founded as far back as 1882, but before German racialism arose it devoted itself mainly to cultural and school work. When it tried to continue along that line after Hitler came to power, certain "tensions" arose which have since been removed, so that it is now "in close contact with the whole life of the nation, with race, state and (National Socialist) movement,"<sup>37</sup> it has devoted itself to the revitalization of German racial consciousness everywhere in order to prevent further assimilation.

"We want to grow up with all Germans to a nation and demand that all questions of our national existence shall be viewed in the extent and operation of our whole superstate racial body," says the last annual report of the V. D. A. "In admiration and deep faith, our racial comrades in foreign States look up to the Reich and its Fuehrer. They feel the unity of blood, which is the foundation of the new German life."<sup>38</sup>

To keep this blood pure, the German element abroad is urged to segregate itself from the surrounding "alien" populations as a minority, in the same way in which the German people within the Reich have been segregated as a majority, unless the urgent need of votes requires sacrifice;<sup>39</sup> for "in future, German blood shall serve German interests only."<sup>40</sup>

Like the N. S. F. O., the V. D. A. also has an elaborate headquarters organization in Berlin, headed by Dr. Hans Steinacher, an Austrian, and manned by other Volksdeutsche. But being a Reich organization concerned with foreign citizens, it cannot work abroad through branches or individuals. For this reason it works with organizations formed by the Volksdeutsche in the native lands, rendering them spiritual and material aid in cooperation with the Reich.

These organizations range from hunted catacomb groups in Italian South Tyrol to the *Amerikadeutsche Volksbund* in the United States, which has its own uniformed storm troops, girls' organizations, mass meetings, and a fighting press modeled on the National Socialist press of Germany. Midway between them stands the illegal but very active National Socialist Party of Austria, although that organization is more a matter for the N. S. F. O.

But there are many other kinds of organizations—school associations, Turnvereins, youth organizations, and, last but not least, the church, with which the V. D. A. cooperates as far as the individual States will let it. The school associations are provided with funds, books, and teachers; the business organizations are furnished with credits and are favored with German purchases; students, artisans, and apprentices are brought to Germany for their

last polish; and Volksdeutsche peasants are brought to the third Reich at its expense just to see its power and glory.

Conversely, working in cooperation with other parts of the national socialistic propaganda machine, the V. D. A. is instrumental in sending out to the Volksdeutsche abroad speakers, books, magazines, phonograph records, personal letters appealing to ancestral loyalties, and a radio program which ranges from classical music to the speeches of the national Socialist leaders.

Also, inasmuch as other States are beginning to bar Germans from the professions the V. D. A. now concentrates on the lower social strata of the Volksdeutsche, and here "German racial study" and "German home movements" have been most effective. In the United States, for instance, they led to the discovery of a half-assimilated German farmer population which is now being reclaimed for Germanism.<sup>41</sup>

The aims of the V. D. A., it is stated, have been furthest advanced in Central Europe, especially in Czechoslovakia, where Konrad Henlein, who rose from the Bohemian Turnvereins, now commands the biggest political party in the state. But it is also pursued with vigor in lands overseas; in America it has attained proportions which already prompt German-American speakers to repudiate the melting-pot idea in favor of a permanent "German-Americanism,"<sup>42</sup> while popular German authors predict America's division in more or less autonomous racial units as the "United Nations of America."<sup>43</sup>

Mr. DICKSTEIN. Mr. Speaker, as I have stated, I have taken the floor on this subject a number of times. I am not seeking to exempt communism, fascism, or any of the other "isms"; I say that all of them ought to be investigated. We ought to get together and find some method by which we can get this resolution through, because it is my honest opinion as a Member of this body that at the present time this country is not at rest; for aside from the terrible unemployment situation there is the fact of the existence of these subversive movements from without, disturbing our own citizens within our own borders.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. RICH. Does the gentleman not fear that if he adds too many things to his request for an investigation that he might fail to get it through? While I am in sympathy with the investigation the gentleman from Georgia desires, yet I sometimes question whether we ought to broaden the scope of the investigation for fear we get none.

Mr. WARREN. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. WARREN. Does not the gentleman know that a very complete investigation of this same subject is now being conducted by the Bureau of Investigation under Mr. J. Edgar Hoover? Does not the gentleman know this to be a fact, and that it is a very complete and exhaustive investigation?

Mr. DICKSTEIN. My colleague from North Carolina wants an answer, does he not?

Mr. WARREN. I do.

Mr. DICKSTEIN. I am cooperating with the Department of Justice. They are investigating the camp situation only. I am doing everything I can to throw every possible light on it for the purpose of a proper check-up on the number of camps, and so forth. I have been cooperating with them; in fact, I have an appointment with them this afternoon.

May I not say further to the gentleman from North Carolina, as I have stated to the House on other occasions, that the Department of Justice has no power of subpoena or right to put witnesses under oath, and that they have no power to go beyond the making of the ordinary investigation you or I would make in finding out how many camps there are in this country. I assure the gentleman that as far as I am concerned I am doing everything I can to bring back from the Department of Justice a complete and thorough report on these subversive camps in this country.

Mr. WARREN. If the gentleman will permit, I may say that Mr. J. Edgar Hoover advises that his investigation will be completed some time in the first few weeks of January. If Mr. Hoover's investigation shows anything requiring legislation, why cannot the gentleman from New York or some

<sup>36</sup> Der Stuermer, October 1937, regarding Marlene Dietrich's naturalization.

<sup>37</sup> Volksdeutsche Arbeit, 1937, p. 5.

<sup>38</sup> Ibid., pp. 4, 7.

<sup>39</sup> V. D. A. Yearbook, 1937.

<sup>40</sup> Neues Volk, October 1937.

<sup>41</sup> Volksdeutsche Arbeit, 1937, p. 24, and Dr. Norbert Zimmer, before German Table Round, Cleveland, Ohio, March 6-7, 1937.

<sup>42</sup> Dr. Herbert S. Reichle, before German Table Round, Cleveland, Ohio, March 6-7, 1937.

<sup>43</sup> Colin Ross, America's Hour of Destiny.



other Member introduce suitable legislation and have it passed rather than asking for another investigation on the subject?

Mr. DICKSTEIN. With all due respect to my friend from North Carolina, I think he takes the wrong premise when he presents that kind of argument. All the laws in the world will not stop communism, fascism, and the other isms. We have got to find out where the money is coming from, and money is coming in from both outside and inside. We have to find out the number of men they have acting as spies—for I so designate them—in this country. There are hundreds of them. We must determine a lot of vexing questions, more than the gentleman imagines, and it cannot be done by all the laws we may pass here. We must know something about what they are doing before we can present an effective piece of legislation on this floor.

Mr. DIES. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. DIES. Assuming that some bureau is conducting an investigation, that does not relieve us of our responsibility also to conduct an investigation, does it? In this connection permit me also to say that right now in the United States different foreign groups are engaged in propaganda work to get us to sympathize with certain foreign countries. Some want us to help England, some want us to help Italy, some want us to help Germany; so it seems to me it would be a good thing to expose all this activity and let some of these misguided idealists travel along their own roads.

Mr. WARREN. If the gentleman from New York will permit, according to the gentleman's theory congressional ballyhoo by means of investigation is more important than legislation on the subject.

Mr. DICKSTEIN. May I request my friend from North Carolina [Mr. WARREN] not to think in dollars and cents. Just consider the reasons. A congressional investigation together with the power of subpoena can produce certain people who are a menace to democracy and who are a menace to everything for which our Constitution stands. You cannot do this without subpoenaing certain people. There are some who will come down and give you testimony, but there are other people you cannot do anything with. In other words, what I am trying to say to the Members of the House is that I have a list of several hundred people who ought to be brought before a committee of Congress in order to find out why they are in this country. We ought to find out the amount of money they have been spending, as well as the membership in these fascistic organizations. We ought to find out about their other activities in this country. We ought to find out all about them. We must do this before an intelligent law can be passed. You cannot stop rats in a cellar even if you pass a thousand laws. I say to my colleagues here that in order to bring the rats out of the cellar you have to expose them; you have to examine them; and you have to educate public opinion that this or that person is in this or that part of the country is doing something which is not for the best interests of democracy.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. DICKSTEIN. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. This is somewhat different from certain other questions. I am curious to know about these camps. There are none in my section of the country that I know of. I take it they are all located near the large cities of the country. Now, here is what I want to ask: How do these camps conduct themselves? Do they run counter to police regulations? Do the police authorities find fault with that? Do they openly flout our flag?

Mr. DICKSTEIN. Let me answer the first question. They are organized in Ohio. They have not a camp there, but there will be a camp in Ohio very soon. There are two units in Ohio with a membership numbering in the thousands. I have prepared a map showing the set-up in this country. The country has been divided into three parts and, as I said a moment ago, they will come to Ohio. They are bragging about putting a camp in every section of the country. They have two organizations in the State of Ohio,

and I shall be glad to cooperate with the gentleman in giving him the locations.

Mr. JENKINS of Ohio. Then answer the other question as to how they behave.

Mr. DICKSTEIN. The behavior is the philosophy of worshipping a dictator. These people are all in uniform and the uniforms are foreign. They are taught to worship a foreign flag. They are taught to goose-step and to be ready for an emergency in the event of war. They are not taught American history. You cannot find American textbooks in their camps. They are, however, told all about the great wars in which Germany and other countries have been engaged. Our Yankee children are taught the same thing; that is, the worship of the swastika. There is not an American flag in some of these camps. The only time you will find an American flag is on a Sunday when they have a public parade, during which time the public sort of snoops or looks around. Then you will find a little flag, together with thousands of foreign flags.

Mr. JENKINS of Ohio. What nationality are these people?

Mr. DICKSTEIN. They are alien Germans and naturalized American citizens who have come here for the purpose of building up this great army. There are a number who were born in this country who have joined this movement because they are afraid their relatives might be put into concentration camps abroad if they do not join. Then there are the Black Shirts, numbering 50,000 to 100,000. We have so many names and so many shirts that I cannot keep up with all of them.

Mr. JENKINS of Ohio. Why does the gentleman put the Fascists and Nazis together? They do not believe in the same thing.

Mr. DICKSTEIN. The White Russians have combined with the Nazis, and I have documentary proof right here that they have joined hands.

Mr. McCORMACK. Will the gentleman yield?

Mr. DICKSTEIN. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. In answer to the last question, may I say it is immaterial as to what the name is. It is the substance. Nazi-ism and fascism are nationalistic dictatorships. It is a reaction to international movement of communism. The name is immaterial. In substance they are both of the same school of political science, if we might call it such. I do not know if that answers the gentleman's question, but that is my opinion as a result of my study. It is a nationalistic reaction along dictatorial lines and against the communistic movement.

May I call the gentleman's attention to another great democracy? In substance, the English Government is a democracy, the same as ours. The form is different, but the substance is the same. They had a similar problem over there, in which the English Fascist movement was bringing about public disorder. The British Parliament passed a law prohibiting the wearing of uniforms of a political nature on certain occasions. Of course, the drafting of a law over here along those lines would be more difficult than in England, with our sectional problems, but nevertheless I make reference to that fact to show what another great democracy, England, did to meet the problem on the theory if you take the attraction in the form of a uniform away there is a great deal less interest in the movement. The amazing thing is that experience has shown since the passage of the law the concept of the law was found to be substantially correct.

Mr. RICH. Will the gentleman yield?

Mr. DICKSTEIN. I yield to the gentleman from Pennsylvania.

Mr. RICH. Can the gentleman put into the Record the findings of the newspaper reporters in Chicago to substantiate his claim that this movement is going on in this country, so that it will give double emphasis to the Members of the House that they should support the gentleman's resolution?

Mr. DICKSTEIN. Mr. Speaker, I was coming to that point.



The Chicago Times, an independent newspaper, employed independent investigators of its own and had them join various bunds or fascistic organizations. The investigators returned with a report which indicated that I have not understated my case, to the effect that this country is infested with persons engaged in un-American activities, and particularly by such groups as these. It would be impossible to put all these articles into the RECORD, because I think there were about 20 of them. However, I am going to put in enough of the articles dealing with the Chicago Times on some later date to sustain the position which I have been taking alone for 3 long years until only recently a number of my colleagues have commenced to realize the importance of my fight.

I also want to call your attention to a magazine article which was published only a few days ago by the New Yorker, namely, on November 20, 1937, a copy of which I hold in my hand. This magazine made an investigation, and almost admits we had better wake up and stop this ballyhooing and trying to be economical in fear that a couple of thousand dollars might be spent, even though it would save this country from a serious menace. [Applause.]

[Here the gavel fell.]

Mr. ELLENBOGEN and Mr. KOPPLEMANN rose.

Mr. ELLENBOGEN. Mr. Speaker, I make the point of order a quorum is not present.

The SPEAKER pro tempore (Mr. STARNES). The Chair will count. [After counting.] One hundred and forty Members are present, not a quorum.

Mr. RAYBURN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 6]

Aleshire	Cullen	Hartley	Parsons
Allen, Del.	Cummings	Hildebrandt	Pfeifer
Atkinson	Dempsey	Hill, Ala.	Ramspeck
Barton	DeRouen	Holmes	Reed, Ill.
Beiter	Disney	Jarrett	Robertson
Boylan, N. Y.	Dockweiler	Johnson, Minn.	Shafer, Mich.
Brooks	Douglas	Keller	Simpson
Buckley, N. Y.	Drewry, Va.	Kennedy, N. Y.	Sirovich
Byrne	Driver	Keogh	Somers, N. Y.
Caldwell	Edmiston	Kniffin	Sullivan
Cannon, Wis.	Fitzpatrick	Kvale	Tinkham
Cartwright	Ford, Calif.	Lanneck	Walter
Celler	Fulmer	McGranery	Weaver
Clitron	Gasque	Mansfield	Wene
Clark, N. C.	Gifford	Martin, Mass.	Whelchel
Claason	Greever	Mead	White, Ohio
Cole, Md.	Hancock, N. C.	Meeks	Wolfenden
Costello	Harlan	Nichols	
Crowther	Harrington	Palmisano	

The SPEAKER. Three hundred and fifty-five Members have answered to their names, a quorum.

On motion of Mr. RAYBURN, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. DICKSTEIN. Mr. Speaker, the gentleman from Pennsylvania [Mr. ELLENBOGEN] made the point of no quorum just as I was about to ask unanimous consent to extend my remarks in the RECORD by inserting some extracts from a report published by the magazine the New Yorker. I now make that request.

The SPEAKER. The gentleman from New York asks unanimous consent to extend his remarks as indicated by him. Is there objection?

There was no objection.

Mr. WOODRUFF asked and was given permission to extend his own remarks in the RECORD.

Mr. SHORT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a radio address delivered by me.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. WHITTINGTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address delivered on yesterday, November 22, before the Mississippi Valley Association.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that at the expiration of the special orders today I may be allowed to address the House for 15 minutes.

The SPEAKER. The gentleman from Texas asks unanimous consent that at the expiration of the existing orders for the day he may be permitted to address the House for 15 minutes. Is there objection?

There was no objection.

Mr. COX. Mr. Speaker, I ask unanimous consent to address the House for one-half minute at this time.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

(Mr. Cox asked and was given permission to revise and extend his remarks in the RECORD.)

Mr. COX. Mr. Speaker, complete analysis of the wage and hour bill cannot be made in a single address. Facts from which conclusions are drawn cannot be fully developed. Of necessity, I shall have to content myself with the effort to excite individual examination of the bill and the arguments offered in its support.

That the bill proposes the greatest single step towards centralized bureaucracy yet taken in the history of the Nation, no one disputes. That the principle sought to be established infringes upon States' rights and local self-government, is admitted.

That the bill sets up a board with a multitude of inspectors, snoopers, counsellors, and other agents, particularly susceptible to partisan abuses and political manipulation, and would throw all business and industry into the political field, is apparent to all.

That it would operate to fill all business and industry with fear, hesitation, and discouragement due to the certainty that it would be administered in the prejudiced manner in which the National Labor Relations Act is being administered, is known to all familiar with the source of the proposal.

That it sets up a politically appointed and dominated board of unlimited powers and discretion, authorized to invade the field of private competition and equality of opportunity and to regulate that competition and opportunity as the board might see fit, is admitted to be one of its purposes.

That it would impose new and unmeasured restrictions upon production in American industry, particularly in the small manufacturing and business field is unquestioned.

That it will increase production costs, raise the cost of living, restrict buying, reduce volume of production and increase unemployment, no reputable economist will deny.

That the whole idea is alien to our American ideals and customs, that it is incompatible with our democratic system of government, that it seeks to take away from the people the right to live their own lives in their own way and to interpret their own needs in their own native voice; that it is, in part, the product of those whose thinking is rooted in Russian communism and who are bent upon the destruction of our whole constitutional system and the setting up of a "red" labor communistic despotism upon the ruins of our Christian civilization I confidently assert.

One of the revealed purposes of the act is to establish a governmental board with despotic powers over all labor receiving less than 40 cents per hour and working more than 40 hours a week, this despotic power to be administered through political appointees acting in the field. In a multitude of cases these agents would be theorists without any practical business experience or training and with not the slightest interest in the local communities, from the civic standpoint, in which they would operate.

The bill is frankly an experimental measure, intended to operate upon both labor and industry. Senators were not



sure of what they were doing when they passed the bill. Labor leaders were not sure of what they were doing when they sanctioned it. Amendments were hastily put into and taken out of the bill in the Senate. A motion to recommit for further study was beaten by only 12 votes.

The bill has been amended by the House committee, but no one can foretell what the effects of these amendments on the bill would be. To pass an intelligent measure designed to do what is claimed for this measure would require years of study by well-qualified economic experts before such an act could even be safely drawn. Any other course means simply to pass a patchwork, makeshift, experimental bill in a state of complete intellectual confusion and merely hope that a board, clothed with despotic powers over labor and industry, can accomplish a task which all economists and other authorities agree is practically insurmountable from the standpoint of Federal administration.

The basis for the bill as expressed by the President is that "one-third of the population is ill-nourished, ill-clad, and ill-housed." It is folly to suppose this minimum-wage act could rectify that condition, granted that the conditions may obtain. It would require not a law placing restrictions and creating increase in costs of production to have a visible effect on the living standards of the lower strata one-third population—it would require a heavy increase of production with lowered production costs and lowered retail prices to accomplish the object stated.

According to Senator Hugo L. Black, one of the sponsors of the bill, the measure would affect "something over 3,000,000 people who now earn less than 40 cents per hour and 6,000,000 who work more than 40 hours per week." No one, including Mr. Black, knows what proportion of these 3,000,000 low-wage earners and these 6,000,000 long-hour workers will be affected by the operation of the act after all of the exemptions and differential preferences were granted by the board.

Six million workers represent about 18 percent of the present estimated nonagricultural employed labor force. To reduce the hours of so large a group would necessarily involve very considerable economic dislocations, whether for good or ill. It is impossible to guess at the consequences of the bill for either industry or labor. It is impossible even to estimate the practicability of the proposed administrative mechanism. It is impossible to judge the needs for this kind of action at this time.

The proposed act is of very doubtful constitutionality because of the necessary delegation of such vast powers to a Federal agency with power to pass on to organized labor through "collective bargaining" standards the power to set such standards to which all business and industry and all labor, both interstate and intrastate, must conform.

Mr. Justice Cardozo, in an opinion, has held that Congress cannot grant a "roving commission" to a Federal agent. His view was concurred in by the eight other Justices of the Supreme Court as then existing.

It is difficult to conceive of a greater delegation of power or a wider "roving commission" than would be granted under this bill to this Federal board to be named by the President, and to the agents to be named by the board itself.

The members of the wage-hour board, under the terms of the act, are to be given immense discretionary authority over both labor and industry. They would have more power than any other Federal agency. They would be in position to dictate to the employers of the entire Nation and to regulate the hours of work and the rate of pay of workers all over the country.

The extent and character of power with which this board would be invested is the kind of power that would enable it to exert terrific pressure upon industry to do things not contemplated in the bill itself.

The act, in my opinion, is unconstitutional in that it attempts to establish Federal control over all production under the pretense of regulating interstate commerce. If this principle is ever established, then those meager powers kept by the States will be gone, and liberty, as understood and prac-

ticed by the people, will be a thing of the past. I protest against the further concentration of power in Washington.

In the hands of a politically minded or power-lustful President, to whom the members of this board would owe their appointment and their continuance in office—especially if the pending Government reorganization plan giving the President sole personal control over personnel of independent governmental agencies, including those of a quasi-judicial character—is enacted, the wage-hour board could be made an almost irresistible instrument for political purposes. To exercise wisely and without damage or injustice the power to be vested in this proposed board would require its members to be endowed with superhuman judgment, patience, and ability.

The experience thus far in the operations of the National Labor Relations Board indicated clearly that not only may the proposed wage-hour board be entirely prejudiced in its views, hostile to industry, and its powers subjected to use for political purposes, but the acquiescence of the present administration thus far in the one-sided operations of the National Labor Relations Board is indicative of what might be expected from another board governing labor. The situation today as regards the Labor Relations Act is that the American Federation of Labor is in a bitter controversy with the Labor Board over alleged, and apparently well-founded, acts of partisanship on the part of the Board favoring the C. I. O. as against the A. F. of L. The schism in labor ranks thus brought about is resulting in the grinding of small industries between the upper millstone of A. F. of L. organizations and the nether millstone of the C. I. O. organizations, with industry being ruined no matter which organization it undertakes to engage in collective bargaining and contracts. It sets up what it admittedly an utterly impossible condition for industry. In two instances, at least, the Federal courts have ruled that industries having collectively bargained contracts with A. F. of L. unions, shall abide by and perform such contracts, while the National Labor Relations Board has ruled in both instances that these industries shall abrogate their contracts with the A. F. of L. unions and bargain with C. I. O. unions. Thus, if these industries carry out the Federal court mandates, they stand in contempt of the National Labor Relations Board. If they carry out the mandates of the Labor Relations Board, they stand in contempt of the Federal courts. In addition, if the A. F. of L. contracts are carried out, the C. I. O. will stage a sit-down strike. If the C. I. O. is bargained with and the A. F. of L. contracts are abrogated, the A. F. of L. will strike. Nothing is left but ruin and suspension of operations for either company, with the resultant loss of jobs and wages for all the employees of each company. Add to this condition of interunion feuds and Federal court-Labor Board conflicts another quasijudicial board such as is proposed in the wage-hour bill and the ruin of industry might well result, and certainly grave economic dislocations and disturbances must inevitably result.

Conflicts of jurisdiction in scores of directions between the National Labor Relations Board and the contemplated wage-hour board could not possibly be avoided. There is not a labor leader, attorney, or Member of either the Congress or the administration who even pretends to be able to say where, how, and in how many instances such conflicts of authority and jurisdiction would arise. Industry and labor cannot possibly be subjected to such confusing and benumbing effects without grave injury to both industry and labor.

There is no question—and the fact is readily admitted on all sides—that the enactment of this proposed wage-hour measure, supplementing the National Labor Relations Act, would result in a wave of organization of the unskilled labor throughout the South by the C. I. O. The labor and the industry of the South would become the battleground of the A. F. of L. and the C. I. O. The well-known and undenied communistic leadership of the C. I. O. in its field operations would be given under this proposed act, an open field to spread communistic doctrines throughout the South and the



labor and social unrest that would necessarily and inevitably result would change the whole industrial and social atmosphere of the South for the worse.

Gen. Hugh Johnson, whose experience with section 7 (a) of the N. R. A. certainly equips him to speak authoritatively and with full knowledge, has branded the wage-hour bill as the most dangerous measure that has been proposed by this administration. He says, "It won't work."

It is apparent that the act, if passed, will require a literal army of inspectors and agents, thus adding to the great size and cost of an already swollen and vastly expensive administrative set-up. At this time, when economy in government and balancing of the Budget are vitally necessary, not alone to prevent further tax raises, but to protect the credit of the National Government, it is difficult to see how this act could be properly administered if it were passed, unless we are to abandon all idea of achieving the economies necessary to make good President Roosevelt's numerous promises to balance the Budget in the next fiscal year.

Even the most ardent supporters of the proposed act do not agree on either the purposes or the effects of the act. It should be remembered that Senator ROBERT F. WAGNER (Democrat, New York), the author of the National Labor Relations Act, confidently and emphatically assured the Congress and the Nation that his act would "bring peace in industry." Its effect has been exactly the opposite. Assurances from any source that the proposed wage-hour act will operate with the beneficial results claimed for it are just as futile and worthless as Senator WAGNER's well-meant assurances regarding the Labor Relations Act, for the simple reason that the whole foundation of the proposed wage-hour act is experimental; it is to operate in a field and in a way that are unknown, because no living person knows, or can know, how to adjust amicably, equitably, and effectively the class, trade, sectional, and emotional differences as between States, sections, cities, or even sections of manufacturing areas. The whole field is unexplored by any adequate research, and this proposed act is simply a leap in the dark, a step into unknown territory, to be taken without the slightest guaranty that it will operate as predicted. It is, therefore, too broad, too susceptible to misdirection, manipulation, corruption, political juggling, and social abuse to be safe.

There is a very grave possibility inherent in this proposed act that the board set up under its provisions can be controlled politically at a later date in such a manner as to take over the negotiations now entrusted to employers and organizer labor unions acting under the Labor Relations Act. In fact, it is feared by some of the most able leaders of the American Federation of Labor that if the new board functioned as it might, the whole purpose of labor organization would disappear and a purely political control over labor would supplant the representation now exercised by organized labor unions. In such case the whole system of democratic self-regulation and government by labor would be broken down and workers would become the pawns of an all-powerful politically appointed board. Workers would thus become exposed to all the vicissitudes of political manipulations which would be certain to develop under such conditions.

A study of the proposed act discloses clearly that it is not to operate as a labor act in the economic field at all but is a supplementary social-security measure disguised as a labor measure. That means that industry and labor are to be made the instruments, without their consent, of social-security experiments. The industrial questions which belong to and should be entirely administered in a sound economic field, are to be invaded by social-security problems which should be administered coordinately with and supplemental to sound economic principles, but which certainly should not be controlling on industry and labor in the economic field.

The proposed bill would place too much power in the hands of five men to be named by the President. It would give these five men authority to set up a practically unlimited system of enforcement so far as size and personnel of industries are concerned. The board could name investi-

gators, arbitrators, and other officials with or without bias for or against the industry to be regulated. The board and its agents would—as is the case with the National Labor Relations Board—be judge, jury, and prosecutor all combined. Such a board could literally ruin any individual manufacturer it might desire, by intent, and it could ruin manufacturers by the score through errors of judgment alone. It is neither right nor safe to place such unchecked power in the hands of any governmental group, board, or bureau.

The act would create a system of regimentation for American industry. It would create a new and burdensome bureaucratic load for the taxpayers to support and which would hold autocratic power over every type of business in every section of the country.

Differentials in wages, hours, living conditions, climatic conditions, transportation conditions, accessibility of raw materials, and productive capacity of individuals and classes exist in every part of this Nation. These differentials exist not only in geographical areas, but they exist as between cities and hamlets in the same States, and as between different areas in the same cities. All of these differentials this board would have to take into consideration. This means that not in years could the wage-hour board make sufficient studies and compile and classify sufficient data to constitute a basis for intelligent and safe action.

Because of these existent differentials the board would not only be made the battleground of political forces and factions; it would become the battleground for all sorts of pressure groups until nothing but confusion could arise out of the irreconcilable claims, interests, and conditions.

It must be obvious that if a wage-hour board is to take into account the multitude of differentials which exist that the very burden of such differentials will preclude the effective operation of the act. If the board did not take into consideration these differentials, then its operations would necessarily be arbitrary and highly dangerous to the economic structure of the Nation.

It might be possible, after sufficient study, to put this country on a basis of more or less fair and even plane of competitive relationship as between sections, which, of course, is sound doctrine if the economy of the country as a whole were to be considered. But in the very nature of things the only way in which the proposed wage-hour board could operate would be as a battleground in which each region would necessarily have to pursue a strictly selfish policy. Under those conditions there is no way of estimating what calamities may befall the entire system of industry.

Agricultural labor has thus far in all consideration of the wage-hour bill been excluded from its operations. This does not at all eliminate the dangers inherent in the proposed act to our agricultural system.

The operation of the act as at present being considered would inevitably increase the cost of things the farmers have to buy. The act would also operate to set up an increased industrial competition with agriculture for labor supply, which competition would in time force agriculture to higher wages and shorter hours on the farm.

The inevitable increase in the cost of manufactured goods would operate to absorb a large portion of mass purchasing power which is now available for the purchase of agricultural products.

Granting that the effort to try to better the lot of man is in itself commendable and must be continued along very sound, practical lines, the serious question here is whether or not this proposed measure would achieve any tangible results tending toward that end.

Granted that an increase in the purchasing power of the consumers is commendable, the question here is whether or not this act will burden industry with such a great load and with such terrific dislocations as to defeat the objective of the act. It must be realized that under N. R. A. the various classes of industry themselves, together with representatives of labor in those industries, tried to work out governing codes, and the result was chaos. Under this act a five-man



board would be expected to work out solutions to those problems which baffled completely the best intellects in both employer and labor ranks under the operation of the N. R. A.

It certainly would appear, in the light of our experience under the operations of N. R. A. that the most practical and sound way in which to work out these multifarious problems throughout the different sections of our vast country would be to leave to collective bargaining between industry and organized labor experts the solution of these questions. Immeasurably strengthened and buttressed as it is by the National Labor Relations Act, which certainly is a charter for free and effective action on the part of organized labor to proceed promptly and rapidly to better the condition of the workers, if ever there was one, it seems worse than unnecessary to complicate and confuse the whole industrial situation by this act which, operating under guise of a labor law, would unquestionably have to be administered as a social-security act.

If the object of the proposed measure is to relieve the conditions of substandard workers, those objects cannot be attained by exempting one classification of workers after another. If this is to be wage and hour legislation, it should be just that.

The best evidence that this proposed act is not fitted to the needs of the Nation is to be found in the fact that the act would require policing to an extent not exceeded by the Prohibition Act.

Although the ostensible object of the act is to benefit those workers whose wages and hours are substandard, the bill itself does not require the board to set those standards at levels consistent with health, efficiency, and general well-being of the workers. On the contrary the bill specifically provides that the board could proceed only as far and as rapidly "as is economically feasible." These five men who are to compose the board are to be clothed with the power to decide how rapidly and how far action would be "economically feasible," but the act does not, of course, clothe them with the omniscience by which to judge wisely these profound questions.

It must be stressed that the board would, if established, have innumerable requests to exempt this and that group from the scope of its wage and hour decrees. It would be very difficult to decide when such exceptional treatment was justified. Too many exceptions inevitably would result in failure to correct abuses that this proposed legislation is designed to eliminate. On the other hand, too rigid insistence on higher standards of pay and hours for exploited groups would be certain to force many employers out of business and thereby reduce employment.

There is a serious question as to whether this is the proper time to attempt such an experiment as this proposal represents while business is on the upturn and struggling out of the depression.

The attempt of the proponents of this measure to create the impression throughout the country that all those who love their fellowman favor this act while those who oppose it are motivated by greed and a desire to see the poor stay poor is simply a demagogic appeal to prejudices. Certainly this proposed act is of such vast importance its ramifications are so great, its possibilities for serious if not irreparable damage to the cause of both industry and labor are so numerous that the whole question should be approached in a dispassionate, clear-eyed spirit of honest endeavor to see what can be worked out that may be of benefit to the Nation.

A study of the proposed bill discloses that the administration and the Congress have thus far seen fit to exclude a good many classes of substandard workers from the benefits of this "great humanitarian act."

It is common knowledge that the largest class of low-paid long-hour workers is to be found on the farms. It is these people who constitute the largest element in Mr. Roosevelt's "third of the people who are ill-fed, ill-clad, and ill-housed." This class of workers is excluded from the bill and it will do nothing to relieve their hardships, but it will operate to increase the costs of their necessities.

In this connection there is an internal contradiction in the act itself as it stands before Congress today. A labor standards board is set up, consisting of five members, who will administer the act. The board is instructed to take into account all geographic and economic factors now governing wages and hours. These include such matters as the general level of pay in the community and in the industry, costs of living, supply of labor, the value added to manufactures by labor, the possibility of resultant unemployment if the conditions prescribed in the act are imposed. Having decided on the basis of these and other factors what the maximum and minimum wages in a particular factory ought to be, the board must then consider whether the particular plant under consideration can continue in business on that new basis. If not, the board is to make appropriate revision to fit the case.

Thus two conflicting theories are obviously at work here; one holds that wages and hours can be safely regulated only by the market. The other theory holds that wages and hours can be fixed on a humanitarian basis with little regard for market.

If it is both inhumane and uneconomical, regarding the Nation's economy as a whole, for labor to be worked at wages less than 40 cents per hour, or at more than 40 hours per week, then the logic of the argument is sound that all wage scales below a decent standard of living should be abolished and if it disturbs business or ruins some enterprises, that would be the price we would pay for good citizens.

If this logic is sound, then why create a bureaucratic board to make exceptions, to create differentials, and to go from Washington into every crossroads and hamlet in the Nation to deal with the poor-mouth industries who will contend that decent wages and hours would bring ruin upon them? If it is logically true that less than 40 cents an hour is inhumane and uneconomical, and that the same is true of the workweek of more than 40 hours, these conditions must be as inhumane and as uneconomical for agricultural labor and other classes now exempted from the operations of the act as they are for those classes included in the scope of the act.

The proposed act itself contains another contradiction because it provides that all hours beyond 40 shall be regarded as overtime and shall be paid for at the rate of time and a half. This can only be upon the theory, apparently, that more than 40 hours a week is too much for humans to work unless they get paid more, in which case the extra rate of pay in some way eliminates the injurious effect of the hours.

There is a very grave danger and a strong presumption that this proposed bill is only the opening wedge into governmental domination of wages, hours, and prices. When this proposed act is considered in connection with the assumption of authority over collective bargaining conditions now clearly exercised by the National Labor Relations Board, the trends of the Patman Price Fixing Act, the Miller-Tydings Act in the District of Columbia and other proposals which have been made but not yet pushed to action by the Congress, it becomes apparent that governmental dictatorship over wages, hours, conditions, and prices has been slowly but surely gaining ground, and that we are now actually embarked far out upon the uncharted seas of such governmental domination. It is just as certain as anything can be that demagogues and self-seekers will run for office on promises to extend the provisions of this bill later on to embrace all of the classes now exempted from the bill and to increase wages up to perhaps 70 or 80 cents an hour and to decrease the workweek from 40 to perhaps 30 hours. Indeed, this very proposal was embraced in an amendment offered, and for a time seriously considered in committee when the measure was being considered by the House committee during the last session of Congress.

Within a year or two we shall, if this act is passed, be embarked upon a decided and determined course toward Federal control of wages generally—governmental regulation of hours and working conditions and going the rest of the way and fixing prices by governmental decree. When we



thus open the door for the invasion of Federal interference with free competition, free labor, competitive price adjustment, and collective bargaining, we will have abandoned the capitalistic system as it has always operated and we will have undergone regimentation of industry and labor just as surely as it exists anywhere in the world today. It must be remembered by both employers and employees that when and if that day comes, this Federal control is a two-edged sword that can cut both ways. The powers so vested in Federal authority could as easily be used by a government hostile to free industry to crush it as it could be used by a government hostile to free labor to enslave it.

Prof. Lionel Robbins, of the University of London, has well said that—

There is a sort of snowball tendency about this kind of interventionism which has no limit but complete control of all trade and industry. Once a government starts to control important branches of industry, if they are not willing at some point definitely to reverse their whole lines of policy, there is not a stop to this process short of complete socialism.

The logic of Professor Robbins' statement is to be found clearly exemplified in the operations of the now defunct A. A. A.

The A. A. A. in its original conception contemplated control of only four crops. This control was to be voluntary only. The plan in the beginning was merely for the Government to offer the farmer cash for restricting his crops. The farmer could take it or leave it. Compulsory control was not intended.

Hardly was the A. A. A. put on the statute books in March 1933 when the natural law of expansion began to operate. Cotton farmers with their cotton production limited began to plant peanuts on their idle acres. Peanuts then had to be controlled. The acreage devoted to cotton, and later to peanuts, was then planted to potatoes. Then came potato control.

By 1936 when the Supreme Court declared the A. A. A. unconstitutional, the number of crops controlled was 17. Senator KING, of Utah, just before the law was invalidated, had warned—

We may expect at the next session of Congress to find measures offered to bring other commodities, perhaps carrots and cabbage and lettuce and tomatoes, under similar control.

Not only did the A. A. A. expand as to the number of crops it controlled, but it also expanded from voluntary to compulsory control. Two and a half years after the A. A. A. was enacted, three crops were limited by criminal statutes.

After a careful analysis Dr. Charles Frederick Roos, former director of research in N. R. A. and erstwhile permanent secretary of the American Association for the Advancement of Science, brands the wage-hour bill a brake on industry, a plague on agriculture, a calamity for labor and a blight on recovery.

Dr. Roos gives as his considered judgment that among other disastrous effects this proposed act would increase rather than decrease unemployment; would decrease the production of distributable wealth and lower the average standard of living; would decrease the consumption of raw materials, including farm products, and lower the prices received for them so that farmers would be caught in the vise of rising prices for the things they buy and curtailed prices with lowered markets for the things they sell.

Donald R. Richberg, former N. R. A. Administrator, says in a formal statement to the Senate and House Labor Committees that the Black-Connery bill "invites a repetition of practically all the errors of the N. R. A. in the matter of fixing and enforcing reasonable wages and hours without providing some of the safeguards which were provided for the administration of the N. R. A."

Richberg pointed out in his statement that the proposed Labor Standards Board is given such broad powers to vary wage and hour requirements upward or downward under the terms of the proposed act that it might as well be given the authority to fix hours and wages without reference to any standard.

Richberg's statement emphasizes again the fatal contradiction in the intent and proposed operation of the act itself already mentioned, viz, that the act is really a social-security measure disguised as a labor measure. It is social in all its operations, while the mode of enforcement is attempted under economic procedure. If the act is to operate as a social measure it must be enforced without regard to economic considerations or necessities, in which case it could not do other than create such grave economic dislocations and disturbances as to be utterly dangerous, because it would have to operate without any regard for market and other economic requirements. If, on the other hand, it is to be enforced on the basis of market and other economic considerations, it must fail of its objectives of social readjustments in the lower strata of laboring classes. If all the differentials and different group, sectional, and other economic obstacles are to be considered, then there is no need for the act or the creation of such an all-powerful board because both industry, labor, and all State governments have for years been working out the solutions of just those problems.

From the standpoint of our export and import trade the bill is diametrically opposed to the policy of reciprocal-trade treaties.

Not only would the operation of the wage-hour act increase the production costs of our manufactured and agricultural exportable commodities, but it would also put our domestic manufacturers and agriculturists at a great disadvantage in competing with foreign imports in the home market. The bill itself recognizes this danger by providing that revision of the tariffs as rendered necessary by the operation of the act shall be given due consideration by the Tariff Commission.

Such tariff revisions upward, however, would necessarily be in absolute conflict with the reciprocal-trade policy.

Viewing the character of the proposed act and its objectives, and the method of operation proposed to achieve those objectives, it becomes obvious that this proposal should be subjected to long and careful study by the Congress after the most exhaustive investigation before the measure is passed. Such fundamental departures from our long-established economic practice cannot be taken safely without careful study. No commission of any sort has made a study of industrial situation from the standpoint of the changes to be achieved in this measure. The act was written by anonymous authors and submitted to the President, who sent it to Congress and every attempt was made to rush the act through in the closing hours of the Congress.

There is much in this proposed act that contains dangerous potentialities for southern industries. Under the powers which would be vested in it, the board could at will wipe out every manufacturing, geographical, climatic, or labor supply advantage southern industry holds today in the competitive field. The board could, if it so desired, actually place southern industry at a disadvantage with competitive northern or foreign competitors. There is actually no limit to the discretion which would be vested in this board, and there are no standards set up by which to guide the board in its handling of these dangerous powers. As Richberg has said, the board might just as well be vested with full discretion to pursue any course it might deem best without regard to any economic standards whatsoever. Certainly the South, with its marked competitive advantages which are just beginning to be recognized on a large scale and which have started a movement for industrial development in the South, cannot afford to run the risk of any such all-powerful board being able to suddenly stop that industrial development. [Applause.]

Mr. SNELL. Mr. Speaker, I ask unanimous consent that after the other special orders of the day the gentleman from Pennsylvania [Mr. DITTER] may have permission to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.



The SPEAKER. Under previous order of the House the gentleman from Pennsylvania [Mr. ELLENBOGEN] is recognized for 10 minutes.

SIGN DISCHARGE PETITION NO. 26 AND HELP RESCUE THE HOME OWNER

Mr. ELLENBOGEN. Mr. Speaker, the special session which convened last week must deal with some of the most important problems this country has ever faced. I think none is more important and none can be more important than the fate of the 6,000,000 home owners in the United States.

STOP MASS FORECLOSURES BY THE H. O. L. C.

I want to deal with the foreclosures which have been made and which are in process of being made by the Home Owners' Loan Corporation. It seems that the Home Owners' Loan Corporation has forgotten the purpose for which it was established by Congress.

The Home Owners' Loan Corporation was created by Congress for the purpose of saving home owners from foreclosures. This purpose it has fulfilled in an admirable way in the past. However, it appears that the corporation has now forgotten the original purpose for which it was created. When it comes to collect the payments and installments which are due on mortgages it proceeds almost as a private insurance company.

ONE HUNDRED AND FOURTEEN THOUSAND HOMES HAVE BEEN OR ARE IN PROCESS OF BEING FORECLOSED

As of December 31, 1935, there were 4,470 foreclosures; but during the years 1936 and 1937 foreclosures have increased at an ever-accelerating rate.

I submit that it is not the purpose of the Home Owners' Loan Corporation to save the home owners in 1933, 1934, 1935, only to foreclose on their mortgages in 1936, 1937, or 1938.

As of September 30 of this year there were 114,402 homes which had been foreclosed or were in process of being foreclosed, totaling \$443,000,000. This was as of September 30, before the business recession had started and before thousands of home owners had been furloughed from their jobs or put on part-time employment.

WILL THE H. O. L. C. CONTINUE TO FORECLOSE JOBLESS HOME OWNERS?

What is the Home Owners' Loan Corporation going to do now, in the face of the business recession which has developed? Is it going to increase its rate of foreclosures and put an even larger number of home owners out of their homes?

PASS THE ELLENBOGEN BILL, H. R. 6092

I believe we should take a constructive approach to this problem.

As early as June 1935 I introduced in the House a bill to reduce the rate of interest on home-loan mortgages to 3½ percent, the same rate of interest which the farmers are paying on farm-loan mortgages, and to extend the time of payment over a period of 25 years instead of the 15 years and in many cases 10 years which are provided in existing mortgages.

So far I have not been able to induce the Committee on Banking and Currency to even give us a hearing on this bill. The bill was reintroduced in the previous session of this Congress and is now known as H. R. 6092.

H. O. L. C. PAYS 2½ PERCENT INTEREST ON ITS BONDS

Originally the rate of interest on home-loan mortgages was fixed by the Home Owners' Loan Corporation at 5 percent, and that was proper because the Home Owners' Loan Corporation had to pay a rate of 4 percent on its own bonds. In order to help this situation the Congress, in 1934, amended the law so that the Government guaranteed not only the principal but also the interest on home-loan mortgages. As a result of this complete Government guarantee, the Home Owners' Loan Corporation was able to sell its bonds at a much lower rate of interest. The average rate of interest which the Home Owners' Loan Corporation pays on its own bonds is 2.624 percent, or about 2½ percent per annum.

THE HOME OWNER SHOULD PAY ONLY 3½ PERCENT

It was estimated, when the Home Owners' Loan Corporation began its operation—and the same should be true today—that a margin of 1 percent would be sufficient to pay the losses and administrative expenses of the Home Owners' Loan Corporation. The rate of interest which the Corporation must pay on its own bonds is about 2½ percent, and, if you add 1 percent, you get about 3½ percent. So it would be entirely feasible and would entail no loss to the Government whatsoever to fix a rate of interest of 3½ percent.

THE PERIOD OF AMORTIZATION SHOULD BE EXTENDED TO 25 YEARS

Another burdensome feature of the home-loan law is the fact that the amortization period is fixed at 10 and 15 years, whereas it could properly be fixed at 25 years. This change is contained in my bill, H. R. 6092. Under this bill the monthly installment payments for each \$1,000 of indebtedness are reduced from \$7.92, or about \$8, to \$5.01. This would be a saving on a \$4,000 mortgage of \$12 a month, or \$240 a year.

THE PASSAGE OF THE ELLENBOGEN BILL WOULD SAVE THE HOME OWNER

Now, the point is this. Thousands and thousands of home owners are unable to make the installment payments that are required by the terms of their home-loan mortgage instrument. They would be able to make the smaller payments that are provided for in my bill. If we would enact this bill into law, we would enable these home owners to make their monthly installments, to pay their obligations, to retain their homes, and to save their investments in their homes. This would contribute to the welfare of our Nation. Home ownership makes for good citizenship.

PASSAGE OF THE ELLENBOGEN BILL WOULD SAVE THE H. O. L. C. FROM LOSS

The passage of the Ellenbogen bill would not only save the home owner; it would also save the H. O. L. C. from financial loss.

I maintain, Mr. Speaker, that the policy of mass foreclosure which is being pursued by the Home Owners' Loan Corporation actually results in losses of millions of dollars to the Home Owners' Loan Corporation. Out of the 114,000 homes that have been foreclosed or on which foreclosure is in process, 80,000 are not rented; 80,000 of these homes bring no income whatsoever to the Home Owners' Loan Corporation. They are a total loss. Not only do they bring no income but they entail a continuous expenditure on the part of the Home Owners' Loan Corporation, in the form of payment of taxes which the H. O. L. C. must meet, payments of insurance, payments for supervision, and payments for repairs. So that not only does the Home Owners' Loan Corporation lose the payments that were being made by the home owners, not only does it lose the interest on its investments in the foreclosed homes, but it has a large number of these homes unoccupied. It must incur expenditures of millions of dollars on these unrented homes. To these expenditures must be added foreclosure costs at an average of more than \$160 for each mortgage. On the foreclosed homes this exceeds \$18,000,000, and on the unrented homes it exceeds \$12,000,000.

Would it not be cheaper to reduce these monthly payments, to make it possible for the home owner to carry his indebtedness and to save the Government from loss?

SIGN DISCHARGE PETITION NO. 26

Since I was unable to get the Banking and Currency Committee to give us even a hearing, I filed a rule for the immediate consideration of the bill H. R. 6092, and a discharge petition is on the Speaker's desk—discharge petition No. 26—to discharge the Rules Committee and the Committee on Banking and Currency from further consideration of my bill.

I hope the Members will sign discharge petition No. 26 in order to give the home owner a chance to save his home. [Applause.]

The SPEAKER pro tempore (Mr. DELANEY). Under previous order of the House, the gentleman from New York [Mr. FISH] is recognized for 20 minutes.



## BUSINESS DEPRESSION

Mr. FISH. Mr. Speaker, I am in entire sympathy and accord with most of the remarks made by the gentleman from Pennsylvania [Mr. ELLENBOGEN] a few moments ago. We are in the midst of a depression, not merely a recession but very largely a Government-made depression. During the last few months \$30,000,000,000 in stock-exchange securities have been wiped out and another thirty billions in unlisted securities and mortgages have likewise been destroyed.

When the gentleman from Pennsylvania gets upon the floor of the House and pleads for home owners he deserves the nonpartisan attention of all the Members. I am not sure of my figures, but someone just whispered in my hearing that the Government has taken over 100,000 of these homes.

Mr. ELLENBOGEN. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes.

Mr. ELLENBOGEN. One hundred and fourteen thousand as of September 30 last; that is, under foreclosure.

Mr. FISH. And I say to the House, if you want to promote radicalism, socialism, and communism, the very best way to do it is to have the Government dispossess these American home owners, but if you want to curb radicalism, socialism, and communism, the best way to do it is to help these home owners maintain their own homes. And I say to the gentleman from Pennsylvania, for the sake of getting that proposition before the House, I shall sign his petition to reduce the rate of interest to 3½ percent and extend the time.

Mr. ELLENBOGEN. I thank the gentleman.

Mr. FISH. And as I understand it, all it proposes to do is to reduce the rate of interest from 5 percent to 3½ percent and extend the time from 15 to 25 years.

Mr. SADOWSKI. Mr. Speaker, will the gentleman yield?

Mr. FISH. Not now. In reducing the rate of interest to 3½ percent the Government, which borrows money at less than 3 percent, ought to come out even, or even make a profit. If we are to legislate at all for any group of Americans, the one group that ought to have preference are the American home owners.

Following that thought, and before discussing the facts concerning the Roosevelt depression that has overwhelmed the Nation, I am also in favor of having an immediate building program presented to the Congress. As some Members may know, I was not in sympathy with the Wagner-Steagall bill we adopted last August. I was a member of the committee that reported it. I voted for the bill because it was the only building measure before the Congress; but all that bill did was to provide for the erection of huge, beehive apartment houses in the overpopulated cities of America. What I would like to see, as I have said before, is to have the Government finance a bond issue of \$5,000,000,000 to provide homes for wage earners, the way Great Britain did, and turn that money over to stimulate private industry to erect private homes in the vicinity of cities of over 500,000 population, and help put American citizens in those homes, backed by the credit of our Government. If a large bond issue is not feasible, I suggest we might use some of the gold lying idle in Government vaults in Kentucky. I am for a program to reduce the rate of interest now being paid by the home owners to the Government in order to stop the Government from dispossessing American home owners in the midst of a depression. Next, I am in favor of a real building program to build a million houses for wage earners at a cost of not exceeding \$5,000 each, including a half acre of land, and I submit that is one way to get out of the depression. If we had a program of that kind on a large scale we would employ labor, heavy industry, start the steel mills working once more, but we will never get anywhere with that makeshift building program which we adopted at the last session, and with my vote, to build beehive apartments in the middle of overpopulated cities and not help American citizens to own their own homes.

Mr. Speaker, I understand the gentleman from New York [Mr. O'CONNOR] made a good Republican speech in the House early today, and when I say a good Republican speech I mean that he told the truth. I mean that he presented

the facts. He said actually what is in his mind, which most of you do not dare do. The time has come when we should all say what is in our minds. We are in the midst of a depression, a serious depression, a Government-made depression, a Roosevelt depression—not a depression brought about through overspeculation, gambling, and an overabundance of prosperity, but a depression brought about by direct attacks on business, by collectivization, by promoting class hatred and repeatedly baiting big business and all kinds of business for the past few years. Today we are merely reaping the whirlwind of these constant attacks, which have destroyed business confidence. There is nothing wrong with America. We have all of the same natural resources that we had back in 1929, we have the same loyal and industrious labor, and business is ready to go over the top, to expand, to employ labor, to put American wage earners back to work, and that is the biggest issue in America at the present time. The trouble is that business is curbed, it is hampered and harassed by regimentation, collectivism, and bureaucracy at Washington, and by direct attacks from the President of the United States and his radical and visionary advisers.

From now on, Mr. Speaker, I propose not to mince words but to place the blame for the depression where it belongs and let the chips fall where they may. Let us first assess the blame and then present a constructive program to get us back on the road to recovery and employment.

I accuse President Roosevelt with being responsible for the loss of \$30,000,000,000 in security values on the stock exchange and probably another thirty billion of unlisted securities, in real estate, mortgages, and so on, in the last 2 months, which means further unemployment and impoverishment of American labor.

I accuse him of destroying business confidence by repeated attacks, destructive taxation, squandermania, red tape, and reprisals, and governmental competition with business.

I accuse him of causing business fear and uncertainty by inciting class hatred and more strikes than any administration in the history of our country.

I accuse him of trying to control and socialize our entire financial and economic structure through bureaucratic regimentation at Washington.

I accuse him of hampering and retarding the natural recovery of the country through half-baked legislation, unsound experiments, squandering of the people's money, and an unbalanced budget.

I accuse him of having lost the cotton and wheat markets of the world, causing an unfavorable trade balance of \$147,000,000 the first 6 months of this year, for the first time in more than 50 years, to the detriment of our farmers and wage earners.

I accuse him, instead of providing a more abundant life, of giving the American people more abundant promises, debts, deficits, high cost of living, class hatred, collectivism, unemployment, and impoverishment.

I accuse him of having no financial or fiscal policy except to pile debt upon debt, deficit upon deficit, and to borrow billions upon billions by issuance of tax-exempt securities, until the national debt has reached the stupendous sum of \$37,000,000,000. [Applause.]

If there is anything else the gentleman wants me to accuse the President of, I am willing to do that also.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. FISH. No. I have not time.

Mr. RANKIN. I was going to ask the gentleman—

Mr. FISH. No. I have not time.

Mr. RANKIN. The gentleman wants us to issue \$5,000,000,000 more bonds. What do you want to do with that?

Mr. FISH. I told you exactly what I wanted to do; instead of throwing money away, put it into productive enterprise, where it will do some good for the American people. [Applause.]

Now, I want my Democratic friends to listen.

It is about time the New Deal changed its tune from Happy Days are Here Again to The Merry-Go-Round Broke Down.



The New Deal goes around and around and around and comes out nowhere. In this respect it is like the merry-go-round, with its gaudy and flashy trimmings and painted horses to amuse the people and give them a good time while the music lasts, or rather while the money lasts.

The trouble today is that business, not only in Wall Street but on Main Street, is jittery and dizzy from being whirled around and around by the New Deal merry-go-round at Washington and getting nowhere. We are in the midst of a government of confusion and bewilderment, and not even the President's closest advisers have the faintest idea in what direction we are going. They have lost all sense of direction from being whirled around for the past few years that they do not even know their own objectives.

I am too good an American to wish the New Deal merry-go-round to break down for partisan advantage, because it means unemployment, misery, and destitution for millions of Americans and disaster for the country. But I believe it is the duty of the minority to expose the follies, fallacies, and economic failures of the New Deal and demand that our house be put in order, that the Budget be balanced, and that business baiting be stopped.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield for a brief question.

Mr. KNUTSON. Several centuries ago we had an era known as the Middle Ages. Perhaps the historian of the future will refer to this as the "Muddled Age."

Mr. FISH. Fifty million Americans depend for their living and that of their families on private enterprise, and the New Deal has by its vicious attacks and destructive taxation harassed and hampered business to such an extent that fear and uncertainty have replaced the necessary confidence to expand and employ labor. It is a serious situation, and those who will suffer most are the wage earners. Business is ready to go over the top if permitted to make profits and pass prosperity around, but the New Deal is entirely to blame for the present depression.

"Out of thy own mouth will I judge thee." The President boasted, "We planned it this way, and do not let anyone tell you differently." This was when business conditions were showing signs of improvement. He naturally claimed the credit for the New Deal, but now, by the same token and logic, he cannot escape the responsibility. This is a Roosevelt or Government-made depression, and even Charlie Michaelson and the New Deal publicity bureau and the host of propagandists cannot shift the burden to the international bankers, Wall Street, economic royalists, or other bogeymen.

Persistent baiting of business has flourished under the New Deal. Collectivism, governmental competition, and promotion of class hatred have likewise flourished, all of which were foreign to our American ideals of government. All this must stop and stop immediately.

The Congress cannot sit around and expect a miracle to happen. We have been in session for 8 days without any program, in spite of being called back by President Roosevelt in the special session on account of urgent necessity, although the necessity has not yet been disclosed. The session to date has been a farce, with little or no prospect of doing anything constructive.

Eight days out of the possible 6 weeks have gone with nothing accomplished. In all probability a week will be taken out from Christmas to New Year, and a couple of days for Thanksgiving. This would eliminate 9 more days, leaving 21 legislative days, excluding Sundays.

The President's message referred to encouraging private enterprise to build with aid of Government credit, but no building program has been introduced and no hearings have been held by the committee in charge of such legislation.

There has been a tremendous Government ballyhoo as to what would be done to help set in motion a private building boom. Only last August the Congress adopted the administration slum-clearance and low-cost-housing bill, which was likewise ballyhooed by New Deal propagandists as the solution of the housing situation. Although I voted for the bill,

I never liked it and said so openly and knew that it would accomplish very little.

The Wagner-Steagall bill merely put the Government into building human beehives in big cities without the possibility of private ownership. I pointed out repeatedly that this was the wrong approach to the problem and should have been handled by private industry backed by Government credit.

If the administration is serious or intelligent enough to appreciate the housing needs of the country, which I doubt from past experiences, I hope it will stop building more huge apartment houses. I urge the erection of 1,000,000 small houses, not exceeding a cost of \$5,000 apiece, in the vicinity of our largest centers of population by use of Government credit. This would do more to curb radicalism, socialism, and communism than anything else. Home owners are not Communists.

I would favor a bond issue of \$5,000,000,000, and believe it would be the best and safest investment ever made in both humanitarian welfare and good citizenship. The details could easily be worked out as to whom to entrust the funds, whether building and loan associations, savings banks, building companies, or other authorized organizations. The interest rate should be as low as possible, around 3 percent, and for at least 20 years.

Great Britain and other nations such as Germany and Sweden have engaged in huge housing programs and we can learn from their experience. We may have to loan direct to building companies. It would be an easy matter to arrange to have all mortgages guaranteed by the Federal Government.

If other great nations can pull themselves out of a depression by use of Government credit to build homes for their wage earners, then we can do it in the United States. The time to begin is at once, and the way to begin is to begin.

Four years ago President Roosevelt stated that one-third of our people were ill-housed and, if that is so, then he has been derelict in not proposing a proper, sound, and adequate housing bill instead of the makeshift that was enacted into law at the last session of Congress.

The American people are looking to Congress for immediate action to lead the country back to recovery and employment. Will these hopes be justified, and will Congress do something constructive to help solve the economic situation, restore confidence, and bring about a revival of business? I reluctantly and regretfully believe that this is just another mirage.

I would much prefer a prosperous America than to benefit politically from a depression, but there is no reason or basis upon which to expect anything from the present utterly confused Congress. It is perfectly obvious to all classes of Americans that the Congress should get on its hind feet and legislate away some of the unfair and unjust taxes levied on business. But will they? No; certainly not at this session.

They should immediately modify both the undistributed-profits tax and capital-gains tax as a token of good will toward business. Instead the Congress will dawdle along and waste time and money doing nothing.

It is a sad commentary on the Congress, but unfortunately it has made a record for sheer incompetency and inaction that has not been equaled in the memory of man. It will take more than a mere revision of tax laws to pull the country out of the Roosevelt depression. Tax revision is just a step in the right direction, but not the cure. It would be a mistake to think of tax revision as more than the whipped cream, for that is all it would be and nothing more.

To restore public confidence and encourage private enterprise to make profits and employ labor needs a different governmental approach or psychological attitude. It requires a willingness to help business instead of trying to wreck our industrial system by visionary and unsound experiments, punitive taxation, and ruinous restrictions. The present Government-made depression permits no delay. Delays are too dangerous. Congress must act at this session, not next



year, to restore confidence, stimulate private industry, and revive employment of American labor.

With steel production at 31 percent—when I spoke last week on the floor of the House it was then 39 percent—with steel production at 31 percent, the lowest since the economic collapse of 1932–33, with building at a standstill, and carloadings decreasing every week, the administration cannot afford to be blind to the facts that everyone else knows.

The genesis and genius of the New Deal is one man. President Roosevelt has seized the controls and has unprecedented power over the value of money, banking, industry, commerce, and agriculture. Will any ardent or even fanatical New Dealer deny that if the country prospered the New Deal would have claimed and been entitled to the lion's share of the credit? I admit my own error, because I thought even New Deal fallacies and economic blunders could not wreck our industrial system in a country having such great resources and potential wealth. I did not anticipate a depression at least until after a few years of real prosperity.

This depression is not due to years of prosperity and over-speculation as in 1929. It is a Government-made or a Roosevelt depression, and I do not propose to mince my words. On the other hand, back in 1932–33 many much-needed reforms such as regulation of the stock exchange and of the security exchange were adopted. I also favored the Home Owners' Loan Corporation Act, the Farm Mortgage Act, the C. C. C. camps, and more recently social security and old-age pensions.

The duty of a minority is to give public utterance to justifiable criticism so that the people back home will know the facts and decide whether they want to continue to throw overboard our American system, based on private initiative and reasonable profit, which has made America the greatest, richest, and freest nation in the world, and our wage earners the best paid, best housed, best clothed, and most contented, or to follow the pattern of European dictatorships of either the left or the right into collectivism, bureaucracy, and state socialism. The American people must decide the issue. The future destiny of our country is in their hands. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. FISH] has expired.

Under the previous order of the House the gentleman from Illinois [Mr. SABATH] is recognized for 20 minutes.

Mr. SABATH. Mr. Speaker, the gentleman from New York [Mr. FISH] was quite correct when, after his few preliminary remarks on housing, he said he was going to make a political speech. He surely did make one. He charged the President of the United States with every offense that his ingenuity brought to his mind; and when asked if there was anything else he could charge him with, he replied that he would if he could. I know that if he had known, or could have found, anything else with which to charge the President, he would willingly have done so. I am, indeed, sorry, and I regret exceedingly that a gentleman of his standing, though coming from the great State of New York, should permit himself to be used by the very group which have failed to appreciate his former efforts and who are responsible for this temporary depression. He is trying to charge that this is a Roosevelt depression. This I deny. This is a Wall Street conspiracy—a depression conceived to stop the legislation for which we have been called into special session. [Applause.] Later I shall answer the gentleman from New York in greater detail.

At this time, too, I wish to refer briefly to the remarks of the chairman of the Rules Committee, the gentleman from New York [Mr. O'CONNOR]. He points out how we can bring out the wage-and-hour bill and expresses the hope that it can be passed. I am thankful for this assurance. However, he lays great stress upon the recession of business in his district and that we must yield to demands to repeal the capital-gains and undistributed-surplus tax laws. He does not seem to realize that the demand for the repeal of these two tax acts

and the recession of business has been brought about by Wall Street financial and industrial tycoons, reinforced by the United States Chamber of Commerce and similar organizations for the very purpose of defeating the wage-and-hour bill. I am satisfied that if he would investigate the underlying reasons for the recession he will find it was brought about by collusion and conspiracy on the part of the mentioned interests, who are, as he should know, endeavoring to undermine the President and defeat his proposed legislation.

So I cannot accept his argument and his plea that we must do something for business. Business reports that cannot be denied show that up to a few weeks ago we had fared better and done better in the United States than ever before in the history of our country. I have here reports—not editorials, but financial reports—from Republican newspapers showing corporation after corporation declaring dividends, increasing dividends, paying back dividends, and showing profits for the last quarter ending October 1, and a general increase in business.

Mr. THOMAS of New Jersey. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I am sorry, but I cannot yield. I concede that there have been some lay-offs, and I concede that there is a certain depression at this time, all engineered and brought about, however, by a conspiracy as I stated, aided, of course, by the banking group, and assisted by the United States Chamber of Commerce and the manufacturers' associations that have been busy, the last 10 days especially, trying to destroy the confidence that it has taken us 4 years to reestablish, and trying to put fear into the hearts of American businessmen. The average American businessman, unfortunately, is being misled by this Wall Street-hatched conspiracy. Perpetrators of this propaganda hope that by a continuous attack with false and misleading statements and propaganda they will be able to stop us from legislating in the interests of the people; stop us from following the recommendations of the President.

I am for business as much as I am for labor and I would be the last man to say anything or do anything that might affect legitimate business; but I am against the dishonest, crooked manipulators. I am against the Wall Street gang that brought about this break in the stock market, which business, unfortunately, looks upon as a barometer. I remember, and the gentleman from New York remembers, the activities of this same group in 1927, 1928, and 1929, when they unloaded millions and millions of shares of worthless stock upon the American people; a group who, when they had all the suckers in, ordered the crash that brought despair and ruin to millions of our people; that brought want and misery to nearly the entire Nation.

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I cannot yield.

The gentleman from New York [Mr. FISH] had hoped, of course, that the American people had forgotten the conditions of 1929, 1930, 1931, 1932, and 1933. Oh, no; the American people have not forgotten those trying days and those years. The American people know that it was President Roosevelt and the Democratic Congress that brought about better conditions; that reconstructed; that rebuilt; that put 9,000,000 men to work; that opened the banks and factories, opened the businesses, saved the railroads, and saved the life-insurance companies; that expended millions upon improvements that will continue to be of lasting value. The people know that; and, regardless of the charges of my friend the gentleman from New York [Mr. FISH] or anybody else, the people have, and will continue rightly to have, confidence in President Roosevelt. [Applause.]

Mr. THOMAS of New Jersey. Mr. Speaker, will the gentleman yield?

Mr. SABATH. Mr. Speaker, I cannot yield. I have something that is so valuable to read that I cannot yield.

Last Sunday's Washington Post prints a matter of great interest. It might have escaped the attention of the gentleman from New York [Mr. FISH] and others. It is a poll taken by Dr. George Gallup, director of the American Insti-



tute of Public Opinion. What does this poll show? Mind you, this is only last week! It shows that the popularity of President Roosevelt is greater today than it was even in 1932 and 1936. And to my New England friends I want to say that the President's popularity has increased in that section, even including the great States of Vermont and Maine, by upward of 3 percent. Despite the continuous attacks upon him the figures show that 62.8 percent of the people favor the President as of today. This, notwithstanding that my colleague from New York [Mr. FISH] and other gentlemen, who day after day, here and throughout the Nation, have tried to undermine his popularity.

And I shall read what Dr. Gallup has to say:

**ROOSEVELT POPULARITY AT HIGH LEVEL—POLL SHOWS 62.8 PERCENT FAVOR F. D. R. TODAY—REPUBLICANS GET ONLY 37.2 PERCENT OF MAJOR PARTY VOTE**

Back in October 1929 the New York stock market collapsed and values jolted downward in the greatest crash in history. At the following Presidential election the Democrats rode to victory.

This year another severe October crash wiped out billions of dollars in paper values. Mindful of how the stock market debacle of 1929 turned sentiment against Hoover, observers are speculating on a political riddle:

"Has the slump weakened Roosevelt?"

Today the results of a continuous week-by-week survey, conducted by the American Institute of Public Opinion, give an answer to that question for the first time.

In spite of falling business barometers, the personal popularity of the President is still at a high level. For Roosevelt, 62.8 percent; against Roosevelt, 37.2 percent.

#### ROOSEVELT'S POPULARITY TODAY

The following tables compare President Roosevelt's share of the major party vote in the Presidential election of 1936 with his strength in today's Nation-wide survey by the American Institute of Public Opinion, 12 months later:

United States:	Percent
November 1936.....	62.5
November 1937.....	62.8
Change.....	+0.3
Sections:	
New England States (Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut):	
November 1936.....	54
November 1937.....	57
Change.....	+3

So these attacks that have been made upon the President by men who believe more in political expediency than in the welfare of the Nation will not affect the President's standing with the American people or the confidence they have in him.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I cannot yield.

Mr. CHURCH. Will the gentleman include Illinois, too?

Mr. SABATH. Yes; I will quote to the gentleman from his Republican newspaper from Illinois, the Tribune, a paper that has been assailing the President to a greater degree than any other.

I will not read the editorials, because a vast majority of people do not have great confidence in them; however, people do have some confidence in the financial reports that are printed in various newspapers which cater to these financial manipulators, and I shall quote from the Chicago Tribune of November 20, page 25—big headlines:

Companies pay dividends early to avoid taxes.

Mr. Speaker, I ask unanimous consent that I may insert the names of companies which have declared, paid, and increased their dividends. Most of these reports show that these companies have done a greater amount of business during the past quarter of 1937 than they did in the same period of 1936.

The SPEAKER pro tempore (Mr. DELANEY). Is there objection to the request of the gentleman from Illinois?

Mr. THOMAS of New Jersey. Mr. Speaker, reserving the right to object, and I may not object.

Mr. McCORMACK. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. SABATH. Mr. Speaker, I yield to the gentleman because I want this Republican newspaper's financial report

to be published, so that it will refute any misstatements as to the true business conditions.

Mr. THOMAS of New Jersey. The gentleman states he has confidence in the financial reports as published in the newspapers.

The SPEAKER pro tempore. The regular order has been demanded. Is there objection to the request of the gentleman from Illinois?

Mr. SABATH. Mr. Speaker, I yield to the gentleman from New Jersey.

Mr. CHURCH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. CHURCH. The gentleman from Illinois yielded to the gentleman from New Jersey.

Mr. THOMAS of New Jersey. The gentleman yields to me.

Mr. McCORMACK. Mr. Speaker, a point of order. The unanimous-consent request is the first order of business. When that is acted upon, then the gentleman from Illinois [Mr. SABATH] may yield.

The SPEAKER pro tempore. The gentleman is correct.

Mr. CHURCH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. CHURCH. The gentleman from Illinois deserted his request.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The gentleman from Illinois [Mr. SABATH] yields to the gentleman from New Jersey [Mr. THOMAS].

Mr. THOMAS of New Jersey. The gentleman states he has a great deal of confidence in the financial reports appearing in newspapers. I would like to point to one statement that was made in an independent Democratic newspaper last Sunday, namely, the New York Times, which statement showed that the decline in business in the past 3 months has been 20 points, the largest decline in any period of 3 months in the history of the United States.

Mr. SABATH. Mr. Speaker, I did not yield to the gentleman for a speech, but for a question.

Mr. THOMAS of New Jersey. It showed, in addition, that the decline from 1929 to 1931—3 years—was 48 points as against this sharp decline of 20 points in the short period of the last 3 months.

The regular order was demanded.

The SPEAKER pro tempore. The gentleman from Illinois will proceed.

Mr. SABATH. I concede the New York Times is a great newspaper, and I do not question its accuracy, but I do question the interpretation of the article by the gentleman from New Jersey. I know such statement is not borne out by facts regardless of where it may have emanated, because I will convince even the gentleman from New Jersey that that must have applied only to one industry.

Mr. HOOK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. Does the gentleman from Illinois [Mr. SABATH] yield for a parliamentary inquiry?

Mr. SABATH. I yield.

The SPEAKER pro tempore. The gentleman will state the parliamentary inquiry.

Mr. HOOK. After the gentleman from Illinois declined to yield further to the gentleman from New Jersey, can the remarks of the gentleman from New Jersey [Mr. THOMAS] be included in the RECORD?

The SPEAKER pro tempore. Under the rules, the remarks may not be included if the gentleman from Illinois [Mr. SABATH] desires to exclude them.

Mr. HOOK. I move that they be stricken out.

The SPEAKER pro tempore. The Chair may say to the gentleman from Michigan [Mr. HOOK] that it is within the right of the gentleman who has the floor to include the remarks of the gentleman from New Jersey [Mr. THOMAS] or



not, just as he desires. Does the gentleman from Illinois [Mr. SABATH] desire to have the remarks included?

Mr. SABATH. I did not yield for a speech, but I do not object. The remarks may go in, because I desire to include some of the reports from today's New York Times, showing an increase in many businesses throughout the United States. I now read from today's New York Times headline:

Income trebled by oil company. Thirty-six cents a share by Pan American Petroleum compares with 12 cents in 1936. Three times as great income as in 1936.

I read further:

#### RETURNS OF OTHER CORPORATIONS WITH COMPARISONS

Brown Shoe Co., Inc., and subsidiary: Net profit to October 31, \$793,251, after \$10,000 surtax. Net profit in preceding year \$602,746.

This shows that this shoe company which the lady from Massachusetts [Mrs. ROGERS] has made us believe was on the verge of bankruptcy has made \$191,000 greater profit up to October 31 of this year than it did last year.

Caterpillar Tractor Co., 10 months to October 31: Net profit \$9,686,508, compared with net profit in same period of last year of \$7,736,190. For the 12 months ended in October it showed a net profit of \$11,799,910 against one of \$8,971,420 in the corresponding period for the previous year.

This report shows that the Caterpillar Co. enjoyed a profit of nearly \$3,000,000 more in 1937 than in 1936.

Interstate Bond Co., 6 months to September 30, 1937: Net income \$53,635, against \$33,938 a year ago.

In this instance, the company nearly doubled its net income over a year ago.

Irving Air Chute Co.: Net profit, \$163,802.

The report on this company shows that profit covering the first 9 months of this year. It further shows that the business for this period is nearly as great as for the entire year of 1936.

Longhorn Portland Cement Co.: Net income up to September 30, \$274,000. For the month of September, \$55,000.

There are many other similar reports that I have not the time to read nor with which I desire to encumber the RECORD.

Let me now go back to the Chicago Tribune, from which I started to quote when I was interrupted:

Edison, Public Service Make Revenue Gains: The Commonwealth Edison Co. and the Public Service Co. of Northern Illinois, controlled by Edison, yesterday reported increases in gross revenues and net income for October and the first 10 months of 1937 over the corresponding period a year ago.

Gross revenues of Edison in October were \$7,345,629 compared with \$6,828,901 in October 1936.

General Electric Co. votes \$1 a share: General Electric directors ordered a year-end dividend of \$1, payable December 20 to stockholders of record November 26, bringing payments for 1937 to \$2.20, against \$1.50 in 1936. Forty cents a share has been paid by the company in recent quarters. The latest disbursement will give \$29,600,000 to about 188,000 stockholders.

Park & Tilford: Park & Tilford ordered the distribution of \$1 a share to stockholders in addition to the regular quarterly payment of 50 cents.

International Business Machines Corporation pays stock and cash: A stock dividend of 5 percent and a cash distribution of \$1.50 were voted by International Business Machines directors.

The Crane Co.: Directors of Crane Co. voted a dividend of \$1 on the common stock, the first payment since December 15, 1931.

Colt's Patent Fire Arms Co.: Colt's Patent Fire Arms Manufacturing Co., Hartford, Conn., announced an extra dividend of \$2.37½ and a quarterly dividend of 50 cents on the common stock. The company paid 37½ cents on September 30.

Electric Storage Battery Co. voted a year-end dividend of \$1 on the common stock, and also on the cumulative participating preferred shares.

The Commercial Credit Co. declared an extra \$1 dividend and a regular \$1 quarterly dividend on the common stock and the regular quarterly dividend of \$1.06½ on the 4½-percent cumulative preferred.

Gamewell Co. declared a dividend of \$4 a share to clear up accumulations on its preferred stock. It also voted \$1.50 for the current quarterly payment.

Further, I read from the Chicago Tribune:

#### DAY'S DIVIDEND DECLARATIONS

Dividends declared yesterday, with rate, period, and payment, and record dates, follow:

Stock, rate, period	Payable	Stock of record
Am Hide & L pfd, 75c q	Dec. 31	Dec. 23
Am Sumatra Tobacco, 25c q	Dec. 15	Dec. 1
Do., 50c ex	Dec. 15	Dec. 1
Baldwin Rubber, 12½c q	Jan. 20	Jan. 15
Bayuk Cigars, 18½c q	Dec. 15	Nov. 30
Do., 25c ex	Dec. 15	Nov. 30
Budd Wheel 1st pfd, \$1.75 q	Dec. 31	Dec. 17
Do., 25c participating	Dec. 31	Dec. 17
Centrifugal Pipe, 55's	Dec. 10	Nov. 30
Chesapeake, 75c	Jan. 1	Dec. 8
Do., 20% stock	Jan. 1	Dec. 8
Crane Co., \$1	Dec. 15	Dec. 1
Do., 5% pfd, \$1.25 q	Dec. 15	Dec. 1
Colt's Patent F Arms, 50c q	Dec. 20	Dec. 1
Do., \$2.37½ ex	Dec. 20	Dec. 1
Compo Shoe Mach, 25c q	Dec. 15	Dec. 4
Do., \$1 ex	Dec. 15	Dec. 4
Finance Co. of Am A, 15c q	Dec. 24	Dec. 14
Do. B, 15c q	Dec. 24	Dec. 14
Gamewell pfd, \$4 acc	Dec. 15	Dec. 6
Do., \$1.50 q	Dec. 15	Dec. 6
Gen Pub Utilities, \$3	Dec. 18	Nov. 30
Do. \$5 pfd, \$1.25 q	Dec. 23	Dec. 18
Edison Bros Stores, 25c q	Dec. 20	Nov. 30
Do. pfd, 62½c q	Dec. 15	Nov. 30
Elec Stor Bat, \$1 year end	Dec. 21	Dec. 1
Do. partic pfd, \$1 year end	Dec. 21	Dec. 1
Gen Electric, \$1 year end	Dec. 20	Nov. 26
Gen Outd Advert pfd, \$6 acc	Dec. 21	Dec. 9
Gillette Safety Razor, 25c q	Dec. 17	Dec. 1
Hazeltine, 75c q	Dec. 15	Dec. 1
Hummel-Ross Fibre, 20c ex	Dec. 15	Dec. 1
Ind H-El P 7½ pfd, \$1.75 q	Dec. 15	Nov. 30
Ind P & L 6½ pfd, \$1.62½ q	Jan. 1	Dec. 4
Intl Business M., \$1.50 q	Dec. 23	Dec. 15
Do., 5% stock	Apr. 1	Mar. 15
Kansas C S R 4% pfd, \$1.50	Dec. 15	Nov. 30
Koppers pfd, \$1.50 q	Jan. 2	Dec. 11
I. Magnin & Co., 25c q	Dec. 15	Nov. 30
Mesta Machine, \$1	Jan. 1	Dec. 16
Mother Lode Coalition, 45c	Dec. 23	Nov. 29
Muskogee Co., 65's	Dec. 15	Dec. 4
Pacific Indemnity, 40c q	Jan. 1	Dec. 15
Do., 10c ex	Jan. 1	Dec. 15
Parke & Tilford, 50c q	Dec. 20	Dec. 1
Do., \$1 ex	Dec. 20	Dec. 1
Pitts Metallurgical, 25c	Dec. 15	Dec. 3
Quaker Oats, \$1.25 q	Dec. 24	Dec. 1
Do. pfd, \$1.50 q	Feb. 28	Feb. 1
Sunshine Mining, 75c	Dec. 15	Nov. 30
U S Sugar, 10c	Dec. 10	Nov. 30
Victor Equipment pfd, 25c q	Dec. 15	Dec. 4
Wisconsin Invest, 20c	Dec. 15	Nov. 27
Youngtown Steel Door, 75c	Dec. 15	Dec. 1

In the table, the letter "q" refers to regular quarterly dividends, "ex" to extras, and "acc" to payments on accumulations.

#### PUBLIC SERVICE REVENUES UP

Public Service had October gross revenues of \$3,446,164, against \$3,291,895 in October 1936. Net income was \$374,335, equal to 43 cents a share, compared with \$288,335, or 31 cents a share, last year.

Gross revenues for 10 months totaled \$34,167,527, against \$32,344,569 a year ago. Net income was \$3,841,751, or \$4.46 a share, compared with \$2,782,301, or \$2.96 a share, last year.

The Chicago Pneumatic Tool Co. yesterday reported net profit of \$420,486 for the September quarter. In the corresponding quarter last year its profit was \$307,195.

#### ILLINOIS ZINC HAS GAIN

Illinois Zinc Co. announced net profit was \$111,428 for the fiscal year ended September 30, equal to \$1.17 a share. The company earned \$57,888, or 80 cents a share, in the preceding year. The figures include results of the company's mining subsidiary.

Midwest Oil Co. reported net income of \$571,714 for the first 9 months of 1937 against \$116,278 in the corresponding months last year.

Now, please remember, colleagues and calamity howlers, that I am quoting only from the dividends reported Saturday, November 20, the last issue of the Tribune I have had an opportunity to peruse.

Not only that, but I notice many other dividends mentioned in another Chicago newspaper unfavorable to President Roosevelt. Aside from the reported dividends, I have also observed the statement that the retail trade is 12 percent above the year 1936.

In view of these facts and reports, do you not think you would be wise to show, especially at this time when the gambling fraternity is pursuing its destructive policy which is bound to affect the welfare of the Nation, you owe it to yourselves and to the country, regardless of your party, to lay away your hammers? Stop knocking and, instead of abusing, start to aid the President and us who are honestly trying to continue to improve conditions and bring about better times.



Lest I forget, I want to read the following:

**TWELVE-MONTH POWER OUTPUT SETS NEW ALL-TIME PEAK**

WASHINGTON, D. C., October 30.—The Federal Power Commission reported today that production of electricity for public use in the United States reached an all-time peak of 118,809,000,000 kilowatt-hours in the 12 months ended September 30.

I also quote an article bearing on the dividends voted in October of this year, they being the largest payments of dividends made in the same corresponding month since 1930:

**DIVIDENDS VOTED IN OCTOBER AGGREGATE \$304,634,647**

NEW YORK, October 30.—Dividends amounting to \$304,634,647 were declared by 888 companies in October, against \$363,170,461 by 1,311 companies in September, and \$242,696,453 by 849 in October 1936. Last month's payments were the largest for any October since 1930, when 1,159 corporations disbursed \$310,112,902.

Mr. Speaker, I will now quote from the Christian Science Monitor, also of last Saturday, and I presume some of you might be surprised I have that paper. [Applause and laughter.]

May I say that some thousand economists were asked for their opinion as to the condition of the country and whether they thought the present depression is similar to the Hoover-Republican depression of 1929, 1930, 1931, and 1932. All of these economists practically are Republicans, yet 85 percent of them stated, "No, no," because they know the existing condition has been created willfully and deliberately to blackjack Congress and the President of the United States in order to bring about repeal of the capital gains and undistributed surplus tax measures which were enacted by the Congress only last June.

The question was as follows:

Is the 1929-32 depression likely to repeat itself at the present juncture?

Their answer was preponderantly "no." In fact, here is the tabulation:

A classification of all the answers yields this result:	
Total replies.....	966
No.....	768
Qualified no.....	24
Doubtful.....	28
Yes.....	820
Qualified yes.....	37
Doubtful.....	27
Impossible to classify.....	16
No answers.....	80
	7
	59
	966

Of all these 1,000 economists, I consider F. W. Taussig, editor of the Quarterly Journal of Economics, the outstanding of them all, and this is how he answers the question, "No."

Question: Give chief reasons for present recession.

Answer: The chief immediate cause seems to be industrial and mercantile overoptimism and overdoing in first half of 1937—at that time a natural procedure.

The reaction is partly ascribable to the labor situation; how important a factor this may be cannot be said. It tends to be exaggerated.

The present slackness has been intensified by the stock-exchange recession, which was largely a consequence of the gambling in stocks by thousands of ignorant persons easily made panicky.

W. F. Ogburn, former president, American Sociological Society, answers as follows:

I don't think so. The probabilities are that a depression occurring before we are all the way out of the preceding depression will be a slight one. There still seems to be a shortage in a good many lines.

Roger W. Babson, president, Babson's statistical organization, replies as follows:

Question: Give chief reasons for present recession.

Answer: Our Nation today is swept by the epidemic of a new disease. It is "the jitters."

What causes nerve epidemics like the jitters? In the economic sense it is due to faulty diet: The public has been stuffing itself with fears and starving itself on facts. The indicated treatment

is to swear off on rumors and get back to a wholesome fare of fundamentals. At least, we can get rid of one cause of jitters, which is war scares.

Question: What is most needed in regaining the trend to recovery?  
Answer: Confidence.

Mr. O'CONNELL of Montana. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Montana.

Mr. O'CONNELL of Montana. Does not the gentleman think that business ought to get off the sit-down strike it is on at the present time?

Mr. SABATH. I thank the gentleman to remind me, as I did desire to call attention to it. The laboring people were criticized for trying to bring about a living wage through a new system of enforcing their demands by sitting down; however, the bankers of Wall Street, as well as the national manufacturers and commercial organizations, have started a real strike, not to obtain a living wage, but to increase their own wealth and power, and that irrespective of the welfare and the best interests of America.

I wish I had the time to read a letter from the Investment Bankers' Association of America. These bankers fear the tax we have levied may affect their again issuing stocks wholesale, millions and millions of dollars' worth. They are fearful they cannot again get the people interested in investing in many of the worthless securities for which they have been responsible in the past.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. The gentleman is the dean of the House and a member of the important Committee on Rules. Has the gentleman any views to express in regard to the leadership of the Republican Party in losing sight of its responsibility to make constructive suggestions and constructive criticisms rather than engage in the dilatory tactics it has been following this session?

Mr. SABATH. Personally, they have my heartfelt sympathy, and I do not mean the Republican Members of the House. They surely have been trying their utmost in assailing President Roosevelt and then voting for most of the constructive measures which he has recommended. But the Republican Party leaders—the followers of Hoover on one side and the followers of Landon—and by the way I want to remind you whom I mean, I mean the last Republican candidate for President, on the other side, and some other followers of the gentleman from Idaho; their views differ so widely that they do not and cannot make any constructive suggestions, and, consequently, can only rely on the vilifications heaped upon the President in speeches on the floor of the House and articles in Republican newspapers. [Applause.]

I cannot refrain, in closing, from saying that it is, indeed, gratifying to me that there are some Republicans in the New York delegation like my friend, Judge CULLEN, who, though an ardent Republican and party man, in his heart resents the unfair accusations and charges of which some of his colleagues are guilty. If we must have Republicans on the other side, how much better it would be to have men of such high character as my colleague who is to follow me.

Mr. Speaker, under the leave granted by the House I include my original prepared speech, which I intended to make, and would have made had it not been for the fact that I have been rather riled by the gentleman from New York and the gentleman from New Jersey, which, I admit, I thought was a pretty good speech, and which contains some valuable information, and which I am not going to deny the Members and the country to have.

In conclusion, I desire to insert an extract from a pamphlet from the Illinois Chamber of Commerce, signed by C. G. Ferris, executive vice president, which pamphlet has not only been sent out by the Illinois Chamber of Commerce but similar ones by nearly all the chambers of commerce of the various States. It typifies to what extent they have gone, and the concluding paragraph of the pamphlet, which I here quote, speaks for itself:



## CONCLUSION

Congress will consider many matters. It will resume all legislative activity which worried you last spring and summer. New items will be brought up. But the major "reforms," including Court packing, wage and hour legislation, Federal Trade Commission amendments, the old O'Mahoney licensing bill, revision of T. V. A. programs—these, and others—will be always in the background ready to be brought to the foreground.

Businessmen talk to their Congressmen. They must talk to their friends. They must talk to their employees in an employee-relation partnership that will tell the true story.

Here are the names. Give these men your philosophy before the special session gets far under way. Establish a contact with these Congressmen that you can utilize whenever and wherever called upon to do so. It is the only way.

[Prolonged applause.]

[Here the gavel fell.]

Mr. SABATH asked and was given permission to revise and extend his own remarks in the RECORD, as follows:

Mr. SABATH. Mr. Speaker, ever since the convening of the extraordinary session of the Congress the hired publicists, propagandists, and professional lobbyists have kept the newspapers and the magazines working overtime in the dissemination of misinformation derogatory to the present administration and instilling fear of the results of the extraordinary session.

It is a matter of genuine regret that not only Republicans but even a few misguided Democrats have been seduced by this vicious, diabolical, poisonous propaganda, which emanates principally from Wall Street and is peddled particularly by the United States Chamber of Commerce and the National Association of Merchants and Manufacturers.

The real reason for the present campaign of misrepresentation is—which I believe a thorough investigation would prove—to defeat the proposed wage and hour and farm legislation and to attempt to blackjack the President and Congress into repealing the capital-gains and undistributed-surplus taxes.

Were it not that some of this propaganda is used by apparently well-meaning but misled businessmen, as evidenced by the great quantity of mail, I, and no doubt others, have received, I would ignore it.

Although the Wall Street manipulators, who caused the great crash of 1929, which was followed by 4 years of unparalleled misery and want, seem, unfortunately, to have again been successful recently in their manipulations on the stock exchange, they will not succeed permanently.

I refer to the same group who brought about the crash of 1929 and who shamefully acquired, between 1929 and 1932, thousands upon thousands of shares of stocks and bonds at only a fraction of their true value, and then early this year by cruel and wanton manipulation unloaded them at 10, and in some instances 20, times the amount paid for them. This self-same conniving group has lately, with the aid of professional gamblers and short sellers, beat down prices of stocks and bonds so that they, knowing their true value, may repurchase them at their own prices, and reap an unconscionable profit. Although they may succeed temporarily in destroying their true value they will never succeed in destroying, even temporarily, the transcendent and enduring confidence the American people repose in their great and courageous President. Of that I am sure.

Mr. Speaker, in October 1929, I started the investigation of the stock-exchange manipulations and ever since have continued to observe their unscrupulous activities. I watched the rise in these shares, especially in the last 2 years, even above the artificial prices of 1929. Recently, when I learned through the reports of the Security and Exchange Commission of the sales in blocks of thousands of shares on the part of insiders, I feared the European unsettled conditions and the Sino-Japanese situation was the cause. Further investigation disclosed that this was not the true situation, but that an organized movement was on not only to sell large blocks of share holdings but, also, on the part of some, to sell against the "box" and to sell "short." Upon further inquiry I learned that many bankers and

brokers advised people to sell. I came to the conclusion that they had a three-fold purpose, namely:

First. To make money.

Second. To destroy confidence.

Third. To undermine the President.

In carrying out their diabolical scheme, they utilized and magnified the unsettled foreign situations. Then, upon word from Wall Street headquarters, the foreign unloading of stocks commenced, under the leadership of Lord Rothermere and Lord Beaverbrook and several of our own overlords.

Notwithstanding the increase in business and profits, believing that the prices of stocks were unjustifiably high and, therefore, I felt a small margin requirement of 10 percent on short sales might arrest the continuous rise in prices. However, notwithstanding the low margin of 10 percent on short selling, the gambling fraternity was not selling short on the rising market. The short selling only takes place on a down market to accelerate the downward trend.

When I observed on September 17 the activities of the professionals and strongly suspected—only later to be confirmed in my suspicion—a plan of action to duplicate the 1929 crime, I wrote a letter to the Federal Reserve Board and to the Securities and Exchange Commission. The following week I addressed further communications to them and also apprized them of what I surmised, urging the increasing of margins on all short selling. Not receiving satisfactory replies, I sent the following open telegram to the President:

10 SOUTH LA SALLE STREET,  
Chicago, October 18, 1937.

HON. FRANKLIN DELANO ROOSEVELT,

President of the United States, Washington, D. C.:

The Wall Street conspiracy is causing consternation. Strong measures must be taken against them immediately to save the Nation from a recurrence of the 1929 debacle. Just been informed that the bankers and brokers are advising people to sell their securities before it is too late, and I again urge that firm steps be taken immediately to frustrate this diabolical plan. Short sales have to a great measure aided the downward impetus, and they should be restrained by increasing the margins on short sales to 90 percent and reducing margins on long transactions to 25 percent. Even inflation should be resorted to in order to frustrate their destructive plans.

A. J. SABATH.

The Federal Reserve Board acted and increased the marginal requirements on short selling to 50 percent; and while I originally asked they be increased to 33½ percent, however, in my last wire to the President and the Board, when I learned of the tremendous short selling, I urged an increase to 90-percent margin on short selling. Though these margin-requirement increases had a wholesome effect for a week, yet the professionals and those in the conspiracy were so well entrenched and the profits on their short sales so great that they were in a position to comply with the increased margin requirements. Shortly thereafter the Security and Exchange Commission asked for a report, and on October 20 the stock-exchange report given to the press on five outstanding issues attempted to minimize the effect of short selling on the market, and this notwithstanding that it showed that from September 7 to 25 and before the big drive commenced that over 30 percent of United States Steel was short sales, or approximately 250,000 shares were sold short. On the A. T. & T. the amount was 33½ percent. But that was not all. Additional 21 percent of sales were against the "box," so in these two outstanding issues over 50 percent of sales were "short" and "against the box." No figures were given as to the "wash" transactions, which are to be more strongly condemned than even selling "short" or "against the box."

I am satisfied that true reports will disclose a still greater percentage on such selling against the cheaper issues where the small companies cannot protect their stock, even if so inclined, because they have it up as collateral with banks with the result that they are sold out and frequently ruined or completely destroyed. If these transactions are not criminal in their nature against the small or actual holders of these stocks, it is nothing less than treason when the motive



is to destroy confidence in the Nation and intended to stop the passage of legislation or bring about the repeal of legislation as in the present instance. I have in my possession evidence to the effect that that is the underlying aim on the part of Wall Street. It is a conspiracy against the Nation, and not only should the Securities and Exchange Commission rely on private organizations to investigate but they should utilize every man at their disposal to bring to light this vicious activity; yes, crime. Not only that, but the Department of Justice should do likewise, and obtain the secret codes and evidence of the perpetrators of this conspiracy. If they do not, I will again demand congressional investigation. That these activities had effect upon legitimate business cannot be denied. But not only have the stock manipulations been used for the purpose of blackjacking the President and Congress but the unwarranted lay-offs of labor and suspending of business should also be looked into.

I am satisfied that when all the facts of the destructive efforts of the last few months are truly revealed, when the extent to which some organization such as the National Association of Merchants and Manufacturers, the Investment Bankers of America, and their hired publicists and propagandists have done, the vast majority of the American people with intelligence and fervor will rally to the wholehearted support of the policies of President Roosevelt. Many who have permitted themselves to be used by the Wall Street gentry and the destructive forces will, I believe, live to regret their weakness.

While the power companies 2 years ago tried to make the country believe by a propaganda costing not less than two millions that they were about to be destroyed, yet during the last 12 months the production of electricity for public purposes reached a new all-time peak of 118,809,000,000 kilowatt-hours and are ready to expend \$3,600,000,000 if the President will let them have their way.

Again, last Saturday's report shows that the retail trade of the United States is exceeding prosperous 1936 by 12 percent.

I shall not detain the House by reading the financial reports of Du Pont, Sears, Roebuck & Co., Montgomery Ward & Co., the International Harvester Co., American Can, and many other so-called "blue chip" corporations. Suffice it to say that most of them have made even greater profits than they made in the banner year 1929. You will recall how all the mail-order and chain stores shed crocodile tears when the Robinson-Patman bill was being considered.

I ask how the profits and the back dividends were made possible, by the Hoover or by the Roosevelt policies?

The years 1930, 1931, and 1932 must not be repeated. They brought incalculable want and misery to most of the people of America. Life insurance companies were in an unstable condition; banks were forced to close and a majority of the businesses closed. Railroads, cities, and States were on the verge of bankruptcy, thousands, not finding a solution, took their own lives, many thousands were compelled to live in dugouts and, as I have often said, notwithstanding that our fields, forests, and mines were then producing in tremendous quantities, nor were certain sections of our country suffering from droughts, floods, and dust storms as in 1935 and 1936. No; these conditions must not be repeated, regardless of the diabolical conspiracy that has been hatched by the avaricious, powerful, and wealth-seeking few who would not hesitate to reestablish purgatorial days for a whole Nation, themselves excluded.

Only through the courageous and enlightened leadership of President Roosevelt have we been able in the last few years to reestablish confidence, eliminate despair and effect the reemployment of nearly 9,000,000 workers, feed the hungry, and clothe the needy.

Millions of dollars were advanced to the railroads for their rehabilitation. Policyholders in insurance companies and depositors in banks saw disaster threatening their savings, but this threat was, happily, repelled when this administration came to the aid of these companies. States, municipi-

palities and cities were helped, and untold thousands of businesses were saved from ruin. Homeowners facing loss of their properties found low-interest Federal money available, and millions were expended for slum clearance to better the lot of the suffering masses. Sufferers in the flood, drought, and Dust Bowl areas were afforded relief, when the Government embarked on a great and constructive program of soil conservation, flood control, and reforestation. Public works went ahead at great strides, rearmament for defense in a troubled world, military aviation, armories, coast defenses, all were tremendously increased. To the businessmen was given lower interest rates and easier credit money.

Notwithstanding these tremendous accomplishments for good, the greatest beneficiaries of President Roosevelt's efforts now stop at nothing and permit themselves to be used to effect unwholesome measures and destroy other measures he has advanced, all because they feel that they must not be restricted in their nefarious operations.

They claim they will not allow interference by the Congress or even the President in their operations. May I not ask whether there was any interference on the part of the Presidents or the Congresses in their ruinous activities from 1920 to 1932 which you Republicans are endeavoring to have the people forget? They had full sway and we all sadly remember what they did, not for, but to the country.

I wish the time would permit me to read extracts from circular letters of the Investment Bankers Association, from the United States Chamber of Commerce, and the National Association of Merchants and Manufacturers to show why such organizations are opposing existing and proposed legislation. The bankers want to effect a repeal of the capital gains and undistributed-profits taxes and manufacturers to defeat the pending wage and hour legislation. For instance, the Investment Bankers Association of America, at its annual convention at White Sulphur Springs, W. Va., November 6, 1937, said, in part, speaking of the capital gains tax, that "In the opinion of the association, among other harmful effects, this tax has been in part responsible for the impairment of values which has lately taken place upon the public-securities markets in this country with resultant adverse influence upon the ability of the business of the country to procure further new capital needed for productive industry." In other words, the complaint seems to be that they cannot again unload millions and millions of shares of dubious stock and bonds upon a gullible public on their own terms, as in the years 1927 to 1929.

I concede that there has been a recession in business and an increase in unemployment. This has been evolved by the predatory interests who have willfully, deliberately, and designedly reduced their working forces, limited operations, and withheld purchasing of necessary supplies and materials, all with a view to imposing their own selfish will upon existing and forthcoming legislation.

From the Chicago Tribune of November 21, 1937, I read that—

Motor output rises, but far below year ago. \* \* \* The big decrease from a year ago is accounted for in part by the Ford Co.'s delay in getting into volume production this year—

The agency said.

This policy of delay has been followed by a large number of other corporations to instill fear of recession of business and unemployment. This infamous practice is nothing new to informed people and will not stop the President and this Congress from going forward with needed constructive and beneficial legislation. In conclusion, I wish to serve notice that in the near future I will have more to say and evidence to offer with regard to stock manipulations.

#### EXTENSION OF REMARKS

Mrs. HONEYMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address made by J. D. Ross, of Portland, Oreg., administrator of the Bonneville project.



The SPEAKER pro tempore (Mr. DELANEY). Is there objection to the request of the gentlewoman from Oregon?

There was no objection.

The SPEAKER pro tempore. Under previous order of the House, the gentleman from New York [Mr. CULKIN] is recognized for 20 minutes.

#### DAIRY RACKETEERING

Mr. CULKIN. Mr. Speaker, during the last regular session of the Congress I called the attention of the Members of the House to the criminal monopoly which was driving the dairy farmer to the wall, and violating every section of the anti-trust act. I called upon the Attorney General of the United States and the Federal Trade Commission to sharpen their swords and attack the racketeering monster which was condemning the dairy farmer to a life of poverty and preventing a supply of wholesome milk reaching the children of the city dweller at reasonable cost.

So far as the Government agencies were concerned, my demands went unheeded and the processes of racketeering monopoly went on unchecked. In fact, these monopolists of which National Dairies and Borden are typical have committed greater excesses against the laws of the country and have become bolder in their racketeering and criminal operations. The reason for this is probably due to the fact they have been hiring more and better lawyers of Democratic persuasion and have felt that their situation was thereby made more secure.

#### ANOTHER REPORT

The charges I made then have been reinforced and emphasized by a new report which has just come from an investigation of monopoly control by the food trusts and middleman made by the Federal Trade Commission. This report is amazing in its character, and if there is any virility remaining in the processes of popular government, immediate action is demanded. The official title of this report is the Agricultural Income Inquiry.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield for a question?

Mr. CULKIN. I will yield later to the gentleman, if he will excuse me now.

The report establishes that the farmers and consumers of America are alike at the mercy of a predacious food trust which gives the farmer but little for his product and then raises prices to a larcenous degree.

For the purposes of emphasis I will give the conclusions of the Federal Trade Commission in its own words:

The Commission records with dismay its belief that the survival of independent farming by farmers who own their own farms and maintain an American standard of living is in jeopardy.

The report likewise charges that—

First. Monopoly dominates dairy, corn, wheat, and cotton marketing.

Second. National Dairies and other distributors have been habitual violators of section 7 of the Clayton Act. This section specifically forbids the buying up of capital stock in a competing firm. National Dairies has gone blithely ahead, violating this section hundreds of times, apparently with some assurance from the powers that be that their performances will be condoned and winked at. I am not of a suspicious nature, but in passing wish to say this fact seems to indicate venality and corruption here at the seat of government.

Third. The report shows that the distributors studied by the Commission made substantial earnings during the depression. It points out that in the period 1929-34, 10 milk and milk-products companies made net profits of 10.25 percent on the stockholders' investment. Profits of 10 companies handling milk or milk products averaged \$37,428,162 during the years 1929-34. In the field of dairy products the bulk of the supply reaches the distributor or processor direct from the farmers. In this it is different from corn, cotton, or wheat; yet the trust took 50.49 percent and gave the farmers who produced the milk 43.10 percent. The Commission found that several leading assemblers and wholesalers

in the industry made a net profit of 16 percent on their investment in 1934 and 11 percent in 1935.

I have heretofore called attention of the House to tremendous salaries which are paid by these distributors. Fifty thousand a year is no uncommon salary, and he who runs may read that millions are spent in propaganda and political corruption.

#### FINDINGS SUPPRESSED

The factual findings in this new report are comprised in eight typewritten volumes and the guerrillas of the Food Trust have been bending their every effort to keeping this report from reaching the public. The report is, in effect, a criminal indictment against the Food Trust, including Borden and the National Dairies, drawn and presented by one of the most responsible organizations in the Government—the Federal Trade Commission. It charges them with criminal violations of the law, yet it has had an indifferent press. I dislike to say it, but the fact is the release of the Commission itself on this report is synthetic and misleading. Thus far the milk barons, who war against little children and the hard pressed dairy farmer, have proven themselves stronger than the administration or Congress. Thus far they have killed the report. Not only that, but they have been brazen enough to garble the findings of the Federal Trade Commission as to the milk industry. The most flagrant of these attempts was a chart which was widely distributed. It purported to come from the Federal Trade Commission and showed the dealers and processors in the dairy field take a smaller share of the consumer's dollar than in other farm products. The chart did not come from the Federal Trade Commission and the fact is that this body finds that the dairyman is more oppressed than any other group.

Now I will yield briefly to the gentleman from Texas.

Mr. McFARLANE. I may state that I am in sympathy with the gentleman's remarks regarding the dairy industry. I notice in today's Washington Daily News that Ford, Chrysler, and General Motors are trying to prevail upon the Department of Justice to dismiss antitrust-law violation suits now pending against them, as well as against units of the oil industry and other big business corporations. I wonder if this Congress is going to sit idly by and let the Department of Justice enter into consent decrees with various big business concerns.

Mr. CULKIN. May I state to the gentleman that as far as the Attorney General is concerned, I have commended vigorously his work in the field of criminal prosecution. Without him, Hoover's excellent work would not have been possible. However, in this field he has been remiss. He claims he does not have enough money. Let Congress give him money enough and then he will have no alibi. I do not believe he has one now.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. CULKIN. I yield to the gentleman from Minnesota.

Mr. KNUTSON. I am surprised to find there are any economic royalists left. We were told 6 or 7 years ago that when the New Deal came into power they were to be put to the sword.

Mr. CULKIN. I may say to the gentleman that a good many of the New Dealers, including Rex Tugwell, who formerly abhorred the profit motive, have since the beginning of this administration become economic royalists. The gentleman knows this.

Mr. KOPPLEMANN. Mr. Speaker, will the gentleman yield to me?

Mr. CULKIN. I will yield to the gentleman briefly.

Mr. KOPPLEMANN. I want to express my sympathy with the purposes of the gentleman's argument, but did I correctly understand the gentleman to criticize the administration in this matter in his opening remarks?

Mr. CULKIN. I am not going to be catechized ad libitum by the gentleman. Has the gentleman a question?

Mr. KOPPLEMANN. Yes.

Mr. CULKIN. What is it?



Mr. KOPPLEMANN. Does the gentleman know that all the arms of the Government have been effective in bringing about the very report upon which the gentleman is now making a speech?

Mr. CULKIN. What I complain of, if the gentleman will listen to me, is that the report in question has been suppressed. The complaint is general on that.

Mr. KOPPLEMANN. By whom?

Mr. CULKIN. Well, it has not been made public. The release on it was synthetic. It has been impossible to get action by the Senate committee to print this report. Senator GILLETTE has turned heaven and earth—but I shall go into that in just a minute.

Mr. GARRETT. Mr. Speaker, will the gentleman yield?

Mr. CULKIN. I am sorry; I cannot yield further. I do not have time.

Due credit must be given Senator GILLETTE, of Iowa, for bringing this report into the light of day and endeavoring to have it printed. That would be a labor of love, but, in my judgment, it is more important the Antitrust Division of New York of the Justice Department should ride these racketeers down and destroy them.

The farmers of the country, and, indeed, the consumers also, are greatly indebted to Farm Research, Inc., for its extremely valuable services in presenting the gist of this report in its publication, Facts for Farmers. Except for the magnificent work of this outfit, the report might have died aborning.

I ask unanimous consent, Mr. Speaker, to include in my remarks that portion of the synopsis of the report made by Editor Coe and printed in Facts for Farmers of November 1937 issue relating to the dairy industry.

The SPEAKER pro tempore (Mr. DELANEY). Is there objection to the request of the gentleman from New York?

There was no objection.

The matter referred to follows:

**MILK GIANTS GROW IN POWER—TAKE OVER HUNDREDS OF INDEPENDENT DAIRIES; INCREASE CAPITALIZATION 434 PERCENT; SIX COMPANIES NOW CONTROL ONE-THIRD OF NATION'S MILK SUPPLY; ABSORB 24,000,000,000 POUNDS OF MILK ANNUALLY; FLOUT ANTI-TRUST LAWS**

That control of the Nation's milk supply is rapidly passing into the hands of a few giant distributors and meat packers is shown by the fact that six companies now buy one-third of the total commercial milk production in the United States. These six companies in their order of importance are: National Dairy Products Corporation, the Borden Co., Swift & Co., Armour & Co., Beatrice Creamery Co., and the Fairmont Creamery Co.

The growth of monopoly domination in milk is further shown by the rapid increase in the capitalization reported by the large dairies. In the two decades from 1914 to 1934, eight primary milk processors and distributors, other than meat packers, increased their capitalization by 434 percent, with the most rapid extension of control occurring between 1925 and 1930.

List of big milk buyers in 1934

	Pounds of milk purchased (in millions)	Percent of United States commercial production
<b>Milk and milk-products companies:</b>		
National Dairy Products Corporation.....	7,159	9.42
The Borden Co.....	5,168	6.80
Beatrice Creamery Co.....	2,310	3.04
Fairmont Creamery Co.....	1,824	2.49
Carnation Co.....	950	1.25
Pet Milk Co.....	760	1.00
Golden States Co., Ltd.....	737	.97
Atlantic & Pacific Tea Co.....	471	.62
American Dairies, Inc.....	380	.50
Western Dairies, Ltd.....	357	.47
North American Creameries.....	296	.39
Creameries of America, Inc.....	137	.18
<b>Meat packers:</b>		
Swift.....	3,694	4.86
Armour.....	3,572	4.70
Cudahy.....	768	1.01
Wilson.....	730	.96
Kingan.....	258	.34
John Morrell.....	137	.18
Jacob Dold.....	46	.06
Hygrade Food Products.....	38	.04
Geo. A. Hormel.....	30	.05

The National Dairy Products Corporation, the largest handler of milk in the country, exemplifies the process by which monopoly control has been secured in the industry. It was organized and

incorporated on December 8, 1923, when it took over the Rieck-McJunkin Dairy Co., of Pittsburgh, operating in western Pennsylvania and northern Ohio, and the Hydrox Corporation of Chicago. While National Dairy's total sales amounted to \$20,000,000 in the first year, they had jumped to \$375,000,000 in 1930. During the depression, however, they declined somewhat, dropping to \$290,000,000 in 1935.

It achieved its rise to power by taking over independent dairies, ice-cream companies, butter manufacturers, and cheese companies. With its strong backing from Wall Street, it bought up 331 dairy companies in its first 10 years of operation, not including cold-storage houses, advertising agencies, purchasing divisions, and other companies which are not directly engaged in handling milk.

Among the most important companies acquired by National Dairy were the Kraft-Phenix Cheese Corporation, Sheffield Farms Co., Inc., Breyer Ice Cream Co., General Ice Cream Corporation, and the Telling-Belle-Vernon Co., together with their subsidiaries, which, in the case of Kraft-Phenix, amounted to 50 companies.

The present strength of the National Dairy Products Corporation is shown by the following thumbnail summary:

Thirty-three percent of all cheese in the United States is sold by National Dairy.

Twenty-one percent of all ice cream is sold by National.

Nine and one-half percent of the total commercial milk production is taken by it.

Forty-two percent of all the available milk supply in Delaware, Maryland, Virginia, District of Columbia, and milksheds supplying Baltimore and Washington goes to National.

Twenty-five percent of the total milk supply in Alabama.

Twenty percent of the total milk supply in Ohio and Michigan.

Twenty percent of the New England supply as well as that of the New York milkshed.

Eighteen percent of the North Atlantic States.

Thirteen percent in Pennsylvania, including the Philadelphia milkshed.

In adding to its long string of companies, the National Dairy Products Corporation has repeatedly flouted the antitrust laws, yet the courts have never halted its advance. Section 7 of the Clayton Act specifically forbids the buying up of capital stock in a competing firm, and yet this was the method by which National Dairy took over the Western Maryland Dairy Corporation, the Harding Cream Co., Consolidated Products Co., Deerfoot Farms Co., and the Ovson Egg Co., as well as 16 subsidiaries of the Kraft-Phenix Cheese Co., including the Southern Dairies.

In taking over established milk companies, National Dairy, like Borden and Beatrice, has made a practice of organizing the new company under its previous name in order to prevent farmers and city consumers from realizing the extent of its penetration. When milk companies are acquired, the previous owners are forced to sign contracts guaranteeing that they will stay out of competition, and the officers are hired at salaries not uncommonly ranging up to \$50,000 a year. This explains the findings by the Federal Trade Commission in its study of several thousand processors that:

"Among the processors reporting for the entire period 1929-35, those that paid the highest total compensation per company were milk processors and dairy-products manufacturers."

The Federal Trade Commission reports that six milk and milk products companies paid 89 officers at an annual rate averaging \$22,964 apiece during the depression years, 1929-35.

Borden started its rise to power in 1899, buying out the New York Condensed Milk Co. It operated under the name of Borden's Condensed Milk Co., since it originally limited its activities to condensing milk. In 1919 it took the name of the Borden Co. By 1927 its net sales amounted to \$345,000,000; it operated 3 milk-distributing companies, 7 manufacturing and selling companies, as well as 25 other subsidiaries.

After 1927 the Borden Co. began a vast campaign of acquisition, by which it annexed 207 separate enterprises to its domain. Among the most important conquests were the Reid Ice Cream Co., the J. M. Horton Ice Cream Co., Merrell-Soule Co., Gridley Dairy Co., Weiland Dairy Co. and affiliates, Casein Co. of America and its chain, together with Central Distributors and subsidiaries.

Beatrice, the third largest dairy, reported total sales of \$84,000,000 in 1930, at which time it had just completed a 3-year program of expansion by buying up 70 dairy companies.

Various attempts have been made to garble the findings of the F. T. C. in the milk industry. The most flagrant of these attempts was a chart that was widely distributed in the press; it purported to come from the F. T. C. and to show that the milk distributors and processors take a smaller share of the consumer's dollar than in the case of other farm products. Actually this chart did not come from the F. T. C. and at no place in its lengthy report of eight tomes does the F. T. C. draw the conclusion that the farmers enjoy more favorable treatment from the Dairy Trust than from other monopolies.

The F. T. C. states that the companies studied by it "made substantial earnings throughout the depression." It points out that in the period 1929-34 the 10 principal milk and milk-products companies made net profits amounting to 10.25 percent on the stockholders' investment. Profits of 10 primary companies handling milk and milk products annually averaged \$37,428,162 during the lean years 1929-34.

The Federal Trade Commission further points out that, in considering the margin going to the distributors, it should be borne in mind that milk is different from other major farm products. It does not pass through the hands of a long line of middlemen;



the bulk of the supply reaches the distributors or processors direct from the farmers. Moreover, the amount of processing relative to the total supply is slight in comparison with other products, and fluid milk is, for the most part, sold directly to the consumers. With the average retail price amounting to 12.02 cents per quart in 1934, the Federal Trade Commission figures that the distributors took a margin of 50.49 percent with 6.41 percent going for transportation and 43.10 percent to the farmers. That the percent to the farmers is not favorable is shown by comparing milk with another product requiring little processing, such as eggs, for which the farmers, according to the Department of Agriculture, got 60 percent of the retail price last year.

The processing of meat is considerably more expensive than that of milk, and yet one finds that the margin retained by the packers, exclusive of the wholesalers and retailers, amounts, for example, to 13 percent of the consumer's dollar in the case of beef as compared with the 50.49 percent taken by milk distributors.

The Federal Trade Commission based its analysis of margins only on fluid-milk sales in 1934. Aside from the fact that retail milk prices have now been boosted to 14 cents and higher in many areas, it should also be pointed out that if the sale of milk products is included, the margin to the distributor-processors is found to be much greater.

The Federal Trade Commission found in its study of 11 large distributors that for every \$100 of gross sales, \$3.22 amounted to a net profit—one of the highest rates of profit found in any industry.

**SIX BIG MILK CANNERS—CONTROL TWO-THIRDS OF NATION'S TOTAL OUTPUT OF CANNED MILK WHILE FOUR FIRMS MARKET OVER HALF**

More than half of the canned milk marketed in the United States comes from four companies, and more than two-thirds of the total supply comes from six companies.

*Ranking of milk canners on 1934 sales*

	Annual sales (million pounds)	Percent of total United States output
Carnation Co.	332.5	18.74
Pet Milk Co.	242.3	13.66
The A. & P.	211.4	11.92
Borden Co.	173.9	9.80
National Dairy	95.7	5.39
Armour	90.4	5.10
Total	1,146.2	64.61

The Great Atlantic & Pacific Tea Co., through its chain of stores, sold 15 percent of all canned milk retailed in the United States. Thus the figure for the A. & P. in the table, of 11.92 percent, includes only that portion of the canned milk manufactured by plants owned by the A. & P. and does not represent its total retail sales, since it takes milk from other plants.

The total volume of canned milk sold in 1934 amounted to 1,774,000,000 pounds. Of this amount the six manufacturers listed in the table marketed 1,146,000,000 pounds from their own plants.

**FIXING BUTTER PRICES—DAIRIES AND MEAT PACKERS SHARE CONTROL WITH THREE OF EACH SELLING ONE-THIRD OF TOTAL UNITED STATES SUPPLY**

One-third of all the butter sold in the United States is marketed by six companies, three of these being meat packers and the other three being dairies. The meat packers originally entered the milk industry by way of butter in order to protect their interest in oleomargarine. Their share of the butter trade has steadily grown until now it more than balances that of the three principal dairy companies.

The most important meat packers selling butter are Swift, Armour, and Cudahy. They market 16.8 percent of all butter sold in the United States.

The three most important dairies in the butter business are National Dairy, Borden, and Beatrice. They sell 16.3 percent of all butter sold in the United States.

For their output of butter, the three meat packers buy annually 2,610,000,000 pounds of fluid milk as compared with 2,154,000,000 pounds purchased annually by the three dairies for their butter processing.

The F. T. C. does not give a break-down for specific companies showing the volume of butter sold by each but by far the most important butter processors are Swift National Dairy, Armour, and Borden. The concern listed third among the meat packers is Cudahy, which processes only about one-fourth as much butter as Swift and has an output only a shade larger than that of Wilson.

Complaints against price fixing have long been common in the butter markets. The first official action, however, was not taken until 1914 when the Chicago Butter and Egg Board was charged by the Attorney General with "arbitrarily fixing and controlling the price paid for butter and eggs." The courts upheld this contention, and the Chicago board was discontinued, but price fixing was not halted.

The Elgin Butter Board soon took the place of the Chicago board. The Elgin board met every Saturday at 11:45 a. m. for 15 minutes. Over it presided C. H. Potter, who was president of the milk board as well as of the Milk Producers' Association. Only

four traders usually showed up at these meetings, and the average number of trades amounted to less than two, involving on the average only 51 tubs of butter a week. Of these, 27 percent were never delivered, and in some weeks no sales were made at all, only bids and offers. Nevertheless, the prices were dispatched by wire all over the country, and the prices were followed even in large centers such as New York and Chicago.

So crude was the operation of the Elgin board that it, too, was forced to disband at the end of 1917. Now there is the Chicago Mercantile Exchange. Farm organizations have repeatedly charged it with controlling prices especially by depressing spot butter prices and thus creating artificially low prices on butterfat. The F. T. C. reports that it has no information on the present Chicago exchange, never having made an investigation into its activities. It admits, however, that numerous complaints against this exchange have been sent to the F. T. C.

The Federal Trade Commission found that the seven leading butter brokers, commission houses, assemblers, and wholesalers in the industry made an average net profit of 16 percent on their investment in 1934 and 11 percent in 1935. These companies include the Jerpe Commission Co., Inc.; C. H. Weaver & Co.; the Peter Fox Sons Co.; Hunter, Walton & Co.; Zenith-Godley Co., Inc.; Carl Ahlers, Inc.; and Lewis, Mears Co. These houses had a total volume of business in butter amounting to \$37,000,000 in 1935.

**Mr. CULKIN.** For the benefit of my colleagues from the cotton, wheat, and corn States I suggest that they get a copy of this publication, *Facts for Farmers*, for November, and examine the findings as to their own localities. I am suggesting that the House Appropriations Committee make arrangements to print this report. I am asking again that the Federal officials charged with law enforcement get busy on the proposition so that life in America may be possible to farmers of every character and that the lives of little children may not be jeopardized to fill the capacious maw of the racketeering Milk Trust.

**THE VOICE OF THE WEST**

I was greatly interested in some editorial comment in the well-edited *National Union Farmer*, published by the Farmers Educational and Cooperative Union of America at Marissa, Ill. The publication, after discussing this report which they obtained from *Facts for Farmers*, says:

Now we ask those in power who pretend to be so solicitous in behalf of helping the farmer why they do not tackle the job of regulating these few monopolistic market places that actually rob both producer and consumer instead of trying to regulate and regiment six or seven million farmers in controlling their production—a thing that every practical farmer knows only God Almighty can control. The regulating of these few market places to the end that producers should receive at least an average cost of production and that consumers be not overcharged, should be a comparatively easy problem as compared to the regulation of everything under the sun, yes and the sun in the heavens, because we are absolutely dependent upon the heat of the sun and the rains from heaven in growing of our crops. And besides, the regulating of these trusts and monopolies would be constitutional, too, because they are all engaged in interstate commerce.

I agree completely with the editor of this paper. Monopoly, in some of its phases, in violation of the criminal statutes of the United States, is destroying the American farmer root and branch. The facts and evidence are at hand to put the machinery of the law in motion to bring about the redemption of the farmers and consumers alike.

I wrote President Roosevelt a letter yesterday in regard to this matter and am putting it in the *RECORD* herewith:

NOVEMBER 22, 1937.

HON. FRANKLIN D. ROOSEVELT,

*The White House, Washington, D. C.*

MY DEAR MR. PRESIDENT: I note that you have written Chairman Ayers of the Federal Trade Commission a letter requesting an investigation into the high cost of living.

The fact has not probably come to your notice that the Federal Trade Commission has recently made an 8-volume report entitled "Agricultural Income Inquiry" which is a complete index to the causes for the present high cost of living.

It appears in this report that every phase of farm production, including dairying, corn, wheat, cotton, and beef products, are in the hands of various monopolistic groups, and while these outfits are getting extremely high prices and paying high dividends and salaries, the farmer is threatened with extinction and the consuming millions are unable to make both ends meet.

The growth of these monopolies is graphically pictured in this report and the Commission calls attention to specific violations of the Antitrust Act. My district is a dairying district and I have made a particular study of that phase of it. It is my conclusion that both the farmer and the consumer are being victimized and exploited by the so-called Milk Trust, including National



Dairies and Bordens, and that they are doing this in violation of the antitrust statutes of the United States.

It is my judgment that the issue is a sharp one as to whether or not these outfits are bigger than the Government. I respectfully suggest that you call this report to the attention of the Attorney General with a request that these matters be put in suit at once so that these criminal monopolists may be brought to book.

With best regards, I am,  
Very sincerely yours,

FRANCIS D. CULKIN.

If the President will take the helm in this matter and unleash the forces of law enforcement on those criminal racketeers and put some of them behind bars, he will have rendered a lasting service to popular government. It will demonstrate that the forces of monopoly, with its labyrinth of lobbyists and corruption, do not control his administration. It will likewise, at the same time, save from destruction millions of farmers who, according to the findings of the Federal Trade Commission, are in extreme jeopardy.

No sham battle against these forces will serve the purpose. It must be a grim fight to the finish, with the casting out of disloyal Government servants who, while drawing pay from the Federal Treasury, are giving succor and aid to these enemies of the Republic.

Millions of farmers whose economic life is in peril, and more than 100,000,000 consumers, will watch with increasing interest and concern the action of the President in this connection. [Applause.]

Mr. MARTIN of Colorado. Mr. Speaker, will the gentleman yield for a brief question?

Mr. CULKIN. Yes.

Mr. MARTIN of Colorado. What the gentleman has said about the Food Trust and the Dairy Trust, it seems to me, could be said of every field of agriculture, industry, and commerce in the United States—

[Here the gavel fell.]

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent that the gentleman may have 1 additional minute.

Mr. COLDEN. Mr. Speaker, I ask unanimous consent that the gentleman from New York may have 2 additional minutes.

The SPEAKER pro tempore. Under the rule, such a request is not in order, and the Chair recognizes the gentleman from Connecticut [Mr. SHANLEY], under the previous order of the House, to address the House for 10 minutes.

Mr. SHANLEY. Mr. Speaker, if the distinguished gentleman from New York wishes to yield to the gentleman, I will yield him a moment.

Mr. CULKIN. I thank the gentleman very much and yield to the gentleman from Colorado.

Mr. MARTIN of Colorado. I wish to repeat that what the gentleman has said about the Food Trust and the Dairy Trust could be said of the business activities in every field of agriculture, industry, and commerce in the United States, and it seems to me the gentleman is not speaking the language of his party in condemning them, because that party has fostered every type of monopoly in this country for the last 60 years and now seems to be looking forward to the day when it will turn the Government of this country over to them again.

Mr. CULKIN. The gentleman is getting the matter into the realm of politics, and that is dragging a red herring across the trail. This matter is too serious for that sort of smoke screen. I will say to the gentleman that his own party is already in the same boat that he alleges we were in. Your party had better watch its step. The treatment of this report indicates that you have taken the economic royalists to your own bosom.

Mr. COLDEN. Mr. Speaker, will the gentleman from Connecticut yield further to the gentleman from New York, so that I may ask a brief, friendly question?

Mr. SHANLEY. I yield, Mr. Speaker.

Mr. CULKIN. I do not want any more of these self-serving declarations like the one made by the gentleman from Colorado.

Mr. COLDEN. May I ask if there is not a further approach to this question which would be through the organ-

ization of cooperatives by the milk producers, to sell direct to the consumer in the city, thereby reducing the price of milk to the consumer and increasing the price of milk to the producer?

Mr. CULKIN. That is a suggested and also a practical solution, but for the present I advocate a direct frontal attack through the medium of the laws of the land that the Republican Party used to enforce. The question is, Is criminal monopoly more powerful in the field of dairy products than the administration and Congress? [Applause.]

I thank the gentleman from Connecticut for his courtesy.

Mr. SHANLEY. Mr. Speaker, the last time I took the floor of this House, the distinguished student of monopoly from New York, Mr. CULKIN, paid a merited and well-deserved tribute to the Attorney General. He paid a like tribute today, and indicated that whatever lapses there might be in the attempts to curb monopoly those breaks are probably attributable to the absence of necessary appropriations in the Department of Justice. As a Member of Congress from Connecticut, the proud home of the distinguished Attorney General, Homer S. Cummings, I trust that is the case, and that this Congress may give the Attorney General appropriations and uphold his arm in this great fight.

Must we admit that our virtual battle against monopoly of the past 50 years is without results? What of the Sherman Antitrust Act? the Clayton Act? the Federal Trade Commission Act? the N. R. A.? and even the Robinson-Patman Act? Like Pilate who asked, "What is truth?" and hurried on without an answer, I, too, must leave this subject for want of time and embark upon the discourse which prompted my request for time under these special circumstances in the field of foreign affairs. May I, therefore, trespass upon your good nature at this late hour and speak upon the general subject of embargoes and the prerogatives of the Chief Executive in the realm of foreign affairs?

Our authority over embargoes is derived from our power over interstate commerce (witness art. 1, par. 8, sec. 3)—

The Congress shall have the power to regulate commerce with foreign nations and among the several States and with the Indian tribes.

As long as we adhere to those powers we are invincible, but once we allow the Chief Executive to apply those powers, subject to his findings, investigation, or inquiry, we lose our constitutional prerogatives and surrender to him vast privileges and rights.

For this loss of power the Greeks had a story of many words which may be briefly summarized in this fashion. One of their great legendary giants was named Antaeus, whose father and mother were gods. Antaeus was a wrestler of renown, and so long as he remained in contact with his mother earth he was invincible. Even Hercules, he of the prodigious labors, was unable to throw him until he hit upon the idea of lifting him from the earth. That he did and when he had him in the air strangled him to death. Now I do not mean to say that when we allowed our powers to be predicated upon the finding of the President we allowed ourselves to be strangled, though in one sense we did. But we did allow another's judgment to insert itself between our intent and the action that we might have wanted had we foreseen the picture of the Sino-Japanese war.

However, we must, as Congressmen, operate under that commerce clause. It is a powerful commerce-killing weapon, and so powerful is it and its potency was so well understood by Jefferson and Madison, that they never sought to use that power until they had first obtained authority from Congress. As a matter of fact when the Tenth Congress came together in October 1807 there confronted it the effects of the death struggle between England and imperial Napoleon with both belligerents holding American maritime rights in contempt. Jefferson, won over to Madison's peaceful coercion and always caring more for peace than commerce, requested Congress for embargo powers on all American shipping for foreign ports. What he got and how he erred under the pressure of that titanic struggle is all understood history



but the precedent of going to Congress was established. Later still, when Madison found himself and the country insulted beyond national endurance, our fourth President also asked for an embargo on British shipping for 90 days.

Now let us look at the pattern of the President's power. The Chief Executive derives his powers from the treaty-making clauses of the Constitution and the historical traditional background of foreign affairs. In the recent Supreme Court case of the United States of America against Curtiss-Wright the embargo-power statute of May 28, 1934, was brought to the front. Under that statute—

if the President finds that the prohibition of sale of arms, etc., may contribute to the reestablishment of peace between these countries and if after consultation with the governments of other American republics and with their cooperation he makes proclamation to that effect it shall be unlawful to sell, etc.

Here is what the Supreme Court said in reviewing his use of this power to indict the Curtiss-Wright Co. in selling 15 machine guns to Bolivia, a country then at war in the Chaco. May I request that in reading the important extracts from this case, which seemingly and certainly on first thought grants almost unbelievable, irresponsible powers in the President, that you remember that our Neutrality Act of 1937 is generically parallel and substantially on all fours with the wording of the above extract from the Neutrality Embargo Act of 1934. Our latter-day act reads:

Whenever the President shall find that there exists a state of war between, or among, two or more foreign states, the President shall proclaim such fact and it shall thereafter be unlawful to export arms, ammunition, and implements of war.

Thus it is seen that we inferentially ask the President to "find that there exists a state of war" before he proclaims our neutrality status. Here is the Court's decision in the Curtiss-Wright case in pertinent extracts.

When the President is to be authorized by legislation to act in respect of a matter intended to affect a situation in foreign territory, the legislator properly bears in mind the important consideration that the form of the President's action—or, indeed, whether he shall act at all—may well depend, among other things, upon the nature of the confidential information which he has or may thereafter receive, or upon the effect which his action may have upon our foreign relations.

In this vast external realm, with important, complicated, delicate, and manifold problems, the President alone has the power to speak or listen as a representative of the Nation. He makes treaties with the advice and consent of the Senate; but he alone negotiates.

Into the field of negotiation the Senate cannot intrude; and Congress itself is powerless to invade it. As Marshall said in his great argument of March 7, 1800, in the House of Representatives, "the President is the sole organ of the Nation in its external relations, and its sole representative with foreign nations."

The President is the constitutional representative of the United States with regard to foreign nations. He manages our concerns with foreign nations and must necessarily be most competent to determine when, how, and upon what subjects negotiation may be urged with the greatest prospect of success. For his conduct he is responsible.

It is important to bear in mind that we are here dealing not alone with an authority vested in the President by an exertion of legislative power, but with such an authority plus the very delicate, plenary, and exclusive power of the President as the sole organ of the Federal Government in the field of international relations—a power which does not require as a basis for its exercise an act of Congress, but which, of course, like every other governmental power, must be exercised in subordination to the applicable provisions of the Constitution.

It is quite apparent that if, in the maintenance of our international relations, embarrassment—perhaps serious embarrassment—is to be avoided and success for our aims achieved, congressional legislation which is to be made effective through negotiation and inquiry within the international field must often accord to the President a degree of discretion and freedom from statutory restriction which would not be admissible were domestic affairs alone involved.

Moreover, he, not Congress, has the better opportunity of knowing the conditions which prevail in foreign countries, and especially is this true in time of war. He has his confidential sources of information. He has his agents in the form of diplomatic, consular, and other officials.

In addition to this recent case Chief Justice Marshall states in the famous *Marbury* against Madison case:

By the Constitution of the United States the President is invested with certain important political powers, in the exercise of which he is to use his own discretion and is accountable only

to the country in his political character and to his own conscience. The subjects are political. They respect the Nation, not the individual rights; and being entrusted to the Executive, the decision of the Executive is conclusive. The application of this remark will be perceived by resorting to the act of Congress for establishing the Department of Foreign Affairs. This officer, as his duties were prescribed by that act, is to conform precisely to the will of the President. The acts of such an officer can never be examined by the courts. Questions in their nature political or which are by the Constitution and laws submitted to the Executive, can never be made in this court.

It is thus apparent that the Supreme Court invests in the President plenipotentiary powers in the realms of foreign affairs and in so many words indicates that the Congress itself suspends its authority when it asks the Chief Executive to embargo arms, and so forth, upon his finding. That placement of the need of a finding in the President practically places the Chief Executive within the all-embracing prerogatives of his powers in foreign affairs. May we not say that though the Congress would have the President act upon the appearance of certain facts the President need not act if that would jeopardize his policy in the field of foreign affairs?

May we not, therefore, also say that when we asked the President to find that "there exists a state of war," we permitted him to act within his own powers and to shield his decision beyond the reach of our impeachment or practical constitutional criticism? Certainly those highly significant words, that in acting his decision "may well depend among other things," are determinative of the instant case. Does anyone now think that we can impeach him? Let us be realistic and frankly admit that in the denouement of this act and the complexity of the present situation in China, we are disappointed in one sense, yet enlightened in another.

You nor I, nor even the most competent authority in the State Department, could have foreseen the developments of the present status. Of course, we have seen hostilities break out without any declaration of war. The cogent résumé of the Naval War College reports from 1933 at page 92 has this to say:

Declaration of war. From early Biblical times there was usually a considerable degree of formality in instituting war measures. Formal announcements and replies were common. The Greeks and Romans made declarations and at times prescribed a period between declaration and active hostilities during which satisfaction might be made. The sending of heralds, the issuing of ultimatums, periods of grace, challenges, and so forth, in varying forms, continued to be used till the late seventeenth century.

With extension of overseas territories and the development of maritime activity, practice became less strict and embargoes, letters of marque, and reprisals indicated changed attitudes. During the eighteenth and nineteenth centuries the greater number of wars were carried on and concluded without declaration. Many complications and uncertainties arose in consequence of this change and the statement of the court in the case of the *Buena Ventura* set forth the situation as of 1899.

The practice of a formal proclamation before recognizing an existing war and capturing enemy's property has fallen into disuse in modern times, and actual hostilities may determine the date of the commencement of war, though no proclamation may have been issued, no declaration made, and no action of the legislative branch of the government had (87 Fed. 927; 175 U. S. 384).

The uncertainty of the time at which war commenced gave rise to many difficulties as the relations of belligerents and of neutrals changed. Intricate legal problems arose as to rights of capture, transfer of titles, and other relations common in modern relations among states and among their citizens.

Before 1907 some writers had maintained that there was some sort of political morality which should be observed by states obliging them to make it publicly known before engaging in war. There was, however, before 1907 no legal obligation to make a declaration before engaging in hostilities, and the legality of war without declaration was admitted in practice and by the courts. Evidence of the confusion which such a position may entail may be seen in the early stages of the Russo-Japanese War, 1904, as well as the



Spanish-American War, 1898. With these facts in mind, the delegates at The Hague in 1907 hoped to and did take a step toward peace by defining the conditions essential to the legal opening of hostilities.

The experience of states of the world since 1907 would seem to be sufficient to prove the legal value of a convention which would fix the time of and prerequisites for the opening of hostilities. The demarcation of the line between peace and war, uncertainty as to the rights of the parties using force, as well as of third parties, prevails. Other conventions of The Hague in 1907 give ample evidence of the distinction between the idea of the resort to the use of force and the resort to war.

The parties signing and ratifying the Hague Convention acted with clear understanding upon this matter, and much of the recent confusion is due to writing and discussion that fails to make the legally established distinction which has prevailed since 1907. Some of these writers have based their conclusion upon eighteenth and nineteenth century practice and decisions from some of the unfortunate consequences of which the efforts of 1907 aimed to escape. Others have argued in a fashion implying that the Covenant of the League of Nations superseded all existing treaties and established a new vocabulary for international law and new principles for interpretation of treaties. Such methods discredit their conclusions and weaken confidence in the Covenant of the League. The Hague Convention of 1907, not drawn up at a time of exceptional international stress, aimed to take steps toward the maintenance of peace in the world on the basis of respect for law, and no state or states were under compulsion to affix their signatures or to accept the conventions. The method of procedure in relation to the opening of hostilities may in brief summary show this.

Let us look into our own history and reread the French spoliation cases. In the current issue of the American Journal of International Law, at page 645, October 1937, we have a most illuminating article not only on the instant problem but, more important, the resultant issues that must be settled in the case of an adoption of belligerent rights and neutrality. Mr. Speaker, I ask unanimous consent to insert this extract from the American Journal of International Law.

The SPEAKER. Without objection, it is so ordered.

The extract is as follows:

In the often-mentioned French spoliation cases, which arose out of seizures of American vessels by French ships and reciprocal action by American ships against French vessels in that period of maritime hostility between France and the United States from 1796 to 1799, the American courts were confronted with an anomalous situation which the Supreme Court of Claims 86 years later decided was not "public war." This sort of quasi-hostility, which the English jurist, Sir William Scott, alluded to in 1798 as a "state of hostility" (if so it may be called) became more complex with the passage of a congressional act that laid down prize regulations and authorized American vessels to resist search, although no declaration of war had been issued by either France or the United States. The Supreme Court faced the problem of deciding the legal status of the conditions in *Bas against Tinch*. In the most elaborate of the seriatim opinions delivered by the members of the Court, Justice Washington said:

"It may \* \* \* be safely laid down that every contention by force between two nations, in external matters, under the authority of their respective government, is not only war, but public war \* \* \*. But hostilities may subsist, between two nations, more confined in its nature and extent; \* \* \* and this is more properly termed imperfect war; because those who are authorized to commit hostilities act under special authority \* \* \*. Still, however, it is public war, because it is an external contention by force between some of the members of the two nations, authorized by the legitimate powers.

"It is said that a war of the imperfect kind is more properly called acts of hostility, or reprisals, and that Congress did not mean to consider the hostility between France and the United States as constituting a state of war \* \* \*. The degree of hostility meant to be carried on was sufficiently described without declaring that we were at war \* \* \*. What then is the legislative will? In fact and in law we are at war.

"That tribunal rendered a series of judgments interpreting the spoliation period in quite a different manner than had the Supreme Court in 1800. In *Gray, administrator, v. United States*, the Attorney General sought to prove that there had been war with France and hence there were no valid claims against the United States Government. He cited the facts that battles were

fought and won on the high seas—property captured, diplomatic relations broken, prisoners taken and held for exchange or retaliation, according to the laws of war. The Court, however, found that although these facts constitute very strong evidence of the existence of war, still they are not conclusive, and the facts \* \* \* may not be inconsistent with a state of reprisals straining the relations of the state to their utmost tension, daily threatening hostilities of a more serious nature, but still short of that war which abrogates treaties, and after the conclusion of which the parties must, as between themselves, begin international life anew.

"We are \* \* \* of the opinion that no such war existed as operated to abrogate treaties, to suspend private rights, or to authorize indiscriminate seizures \* \* \* that is, in short, it was no public war but a limited war in its nature similar to a prolonged series of reprisals.

"These decisions of the Court of Claims can hardly be reconciled with the decision of the Supreme Court in *Bas v. Tinch*, for the latter asserted definitely that the condition was 'public war' while the former asserted quite the opposite. Indeed, the Supreme Court's decision that the condition was a limited public war, which, from the words of all three Justices, was intended to mean an international war in fact and law being waged in a partial manner, was interpreted to mean a quasi-war or a condition like reprisals but not quite amounting to an international war. The Court of Claims seems to have erred in putting this construction on the previous decision, but since the act of Congress which gave the Court of Claims jurisdiction over the spoliation cases provided for no appeal to the Supreme Court, the latter never had occasion to rule on the question. With regard to the Court of Claims' emphasis on the fact that the spoliation hostilities did not operate to abrogate existing treaties between the two countries, it must be pointed out that the United States claimed during the period that it was 'of right' freed from the obligations under them. In addition, the compact of 1800 recognized these treaties as having been in whole or in part abrogated, a situation similar if not identical with what normally takes place after a state of war between two nations.

"Both the cases in the Court of Claims and *Bas v. Tinch* purport to have as the basis of their decision the intent of the war-making power of government in the crisis—i. e., Congress. It seems logical to assume that the Supreme Court in 1800 was better able to judge the legislative intent of Congress, as well as the general conditions and sentiments of time, than was the Court of Claims almost 90 years after the events. Indeed, the Court of Claims relied to a considerable extent upon statements made in Congress in the years 1825-35, when a congressional committee was investigating the matter due to the introduction of bills designed to compensate individuals for losses in the spoliation period. The opinion of the Attorney General at the time of the hostilities that the situation was a 'maritime war authorized by both nations,' the Court of Claims ignored. It likewise passed over statements by Members of the House of Representatives like that of Edward Livingston, who, when the act of 1779 was passed, exhorted: 'Let no man flatter himself that the vote which has been given is not a declaration of war. Gentlemen know that this is the case.' Instead of looking into the speeches of Members of the House in 1799 as indicating the intent of that body in passing the legislation authorizing the hostilities against France, the Court of Claims finds that:

"Those were times of great excitement; between the danger of international conflict and the heat of partisan contest statesmen could not look at the situation with the calmness possessed by their successors and these successors with some exceptions to be sure regarded the relations between the countries as not amounting to war.

"In this decision the Court of Claims introduces the "challenge doctrine," which suggests that when one State attacks another State without declaring its intention to make war, the attacked State is the recipient of a challenge. If it undertakes to resist by force of arms or if it declares war, the condition then becomes a state of war. On the other hand, if it fails to declare war or resist, the situation would not be a state of war, but rather the use of force short of war."

"To sum up the spoliation cases, it seems fair to conclude that law and logic favor the position taken by the Supreme Court in *Bas v. Tinch*, rather than that of the Court of Claims in the later cases. There were hostilities authorized by both France and the United States and the intention of the two Governments at the time seems to have been war. The subsequent change in government in France when the Directory was superseded altered the policy of that state, but could Napoleon's contention that he did not intend war change the fact that the previous French Government apparently had so intended? Once again, however, we should point out that, although the Supreme Court called the situation public war and the Court of Claims found it not public war, the decisions of neither court allow any intermediate legal status between war and peace."

I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. Would the gentleman advise that we should repeal the Neutrality Act?

Mr. SHANLEY. I do not think so at this moment. I think as far as I am concerned, if I may say that rather



modestly, that all the fears and all the points of friction that must be said to have been the effective causes of our Neutrality Acts of recent years are happily absent in this struggle in the Far East. There have been no great sales of arms, ammunition, or implements of war; no extension of credit, because all sales have been cash transactions. There has been no solicitation in America, all because there has been no open war. I do not have time to go into the various analyses, but I would vouchsafe this thought, that I am not anxious to make any changes that will not be tested on the ramparts of more tried convictions than in the past. I do not think we ought to be hysterical and run from the particular to the general without thought. I have been willing to give this act a 2-year trial.

Mr. CASE of South Dakota. Will the gentleman yield for another question?

The SPEAKER pro tempore. The time of the gentleman from Connecticut [Mr. SHANLEY] has expired.

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent that the gentleman's time may be extended for 3 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. CASE of South Dakota. Will the gentleman yield further?

Mr. SHANLEY. I yield gladly.

Mr. CASE of South Dakota. The gentleman heard the chairman of the Committee on Foreign Relations say the other day that he thought it would aid Japan and the Fascist countries of Europe more by putting the law into effect than by not putting it into effect. On that basis, I am wondering if the State Department is using the Neutrality Act as an instrument of choosing sides, rather than as a means of keeping us from taking sides in a conflict.

Mr. SHANLEY. The answer to that is the statement of the Secretary of State, Mr. Cordell Hull, on July 16, 1937, when he declared there was no such intent; that he believed in neutrality and hoped for its revitalization, and emphasized our opposition to "entering into alliances or entangling commitments." It is unlikely that he has suffered such a change of opinion since his forthright testimony before the Senate Committee on Foreign Relations in 1936, when they were considering S. 3474. There he said:

We have striven to deal as fundamentally as possible with these conditions, and to serve notice on the world that we are preserving our neutral rights as they existed before the war, and planning to ask the nations, as I said before some of the Senators came in, to convene as soon as they will and reaffirm and revitalize the whole structure of international law as it relates to these neutral rights.

Every war presents different circumstances and conditions which might have to be dealt with differently, both as to time and manner. For these reasons, difficulties inherent in any effort to lay down by legislative enactment inflexible rules or regulations to be applied to every situation that may arise will at once be apparent. The Executive should not be unduly or unreasonably handicapped. There are a number of ways in which discretion could wisely be given the President which are not and could not be seriously controversial. These might well include discretion as to the time of imposing an embargo. Moreover, we should not concentrate entirely on means for remaining neutral and lose sight of other constructive methods of avoiding involvement in wars between other countries. Our foreign policy would indeed be a weak one if it began or ended with the announcement of a neutral position on the outbreak of a foreign war. I conceive it to be our duty and in the interest of our country and of humanity, not only to remain aloof from disputes and conflicts with which we have no direct concern, but also to use our influence in any appropriate way to bring about the peaceful settlement of international differences. Our own interest and our duty as a great power forbid that we shall sit idly by and watch the development of hostilities with a feeling of self-sufficiency and complacency when by the use of our influence, short of becoming involved in the dispute itself, we might prevent or lessen the scourge of war. In short, our policy as a member of the community of nations should be twofold—first, to avoid being brought into a war, and, second, to promote as far as possible the interests of international peace and good will. A virile policy tempered with prudent caution is necessary if we are to retain the respect of other nations, and at the same time hold our position of influence for peace and international stability in the family of nations.

While our primary aim should be to avoid involvement in other people's difficulties and hence to lessen our chances of being drawn into a war, we should, on appropriate occasions and within reasonable bounds, use our influence toward the prevention of war and the miseries that attend and follow in its wake. For, after all, if peace obtains, problems regarding neutrality will not arise.

Mr. SHANLEY. Have I answered the question, Mr. CASE? Mr. CASE of South Dakota. I would pursue it further, but the gentleman's time is limited.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. SHANLEY. I yield.

Mrs. ROGERS of Massachusetts. I do not know whether the gentleman heard Professor Buell on Town Hall the other evening, but he stated that in his opinion the so-called Neutrality Act was pro-Japanese and pro-British.

Mr. SHANLEY. I have read his statement in Foreign Affairs though I did not read his Town Hall speech. In effect that article points out the possibilities which might make us an ally of Japan and Britain but then the Chief Executive always has that dangerous power outside of this act. Of course, that statement you mention is later than the article appearing in Foreign Affairs.

Mrs. ROGERS of Massachusetts. I think you will find he said it very clearly. I know the gentleman was anxious to have a limited time for this so-called Neutrality Act.

Mr. SHANLEY. I accept the Neutrality Act as a compromise because we obtained the 2-year limitation. I repeat that I do not think that any group, students, or non-students, legislators or nonlegislators, or the President himself, is able to foresee this picture far enough in advance to provide anything other than a simple standard of neutrality such as we have at the present time.

Mrs. ROGERS of Massachusetts. It is very difficult to legislate neutrality.

Mr. SHANLEY. That is very true.

Mr. COFFEE of Washington. Mr. Speaker will the gentleman yield?

Mr. SHANLEY. I yield.

Mr. COFFEE of Washington. The gentleman from Connecticut did not read the report of Professor Buell's statement wherein he criticized the President's Chicago speech, but went on and indicted the Neutrality Act on the ground that it failed to distinguish between the aggressor and defending nations. That is perhaps what the gentleman from Massachusetts [Mrs. ROGERS] was referring to.

Mr. SHANLEY. That is Professor Buell's attitude, I believe. He has always had that attitude, it would seem. I will check that speech and I thank my colleagues for calling it to my attention.

Again, Mr. Speaker, I wish to repeat that the scene changes rapidly. Why, just realize when the World War was in progress we had all the handmaids of war and neutrality. Contraband lists were declared, protests were made, blockades were set out, war zones mapped out, the right of search and seizure practiced, mines laid, convoys used, and diplomatic relations severed while neutrals hastened to play their historic part in scrupulously attempting to adhere to the then admitted laws or customs incumbent on their sale of arms and munitions by their governments though individual citizens might do so; made regulations of use of wireless stations; and in a hundred and one ways attempted to sail through the rocky headlands of a belligerent's Scylla and the tortuous whirlpools of a neutral's Charybdis.

On the experience of those days with the innumerable problems and weighty questions Sterling Edmunds wrote his *Lawless Law of Nations*; F. Hartley Grattan brought out *Why We Fought*; Walter Millis, *Road to War*; Edwin Borchard, *Neutrality for the United States*; Charles Seymour, *American Neutrality*; and a score of other treatises with the disclosures of secret pacts and the disillusionment of Americans by the rank selfishness at Versailles a hysteria was engendered which in many respects brought out a most jaundiced picture and resulted in overreaching correctives. Just look at the types of bills introduced in this House in the



last 5 years and you can see the nervous efforts to do something regardless of the future. Neutrality neurosis gave us congressional jitters. It was remarkable that an arresting norm existed between those who would change ignorantly and those who ignorantly opposed change. The ultimate goal of all in the neutrality penneplain is not an easy one, for time alone possesses the erosive agents to remove the epidermis of prejudice, blindness, and chaotic thought in the subject today.

In short, even in our neutrality hearings, most people emphasized the World War, pictured another such world war and attempted to legislate for that event. For various reasons they had their fears and apprehensions; one man saw only the banking interests as the greedy forerunners of our entry into that catastrophe; another blamed the munition makers; a third pointed out the propaganda of the Allies; a fourth said the violation of Belgium, German atrocities, and the culminating cruelty in the sinking of the *Lusitania* were the influential factors, forgetting that in all these events more than enough time had elapsed to have softened the instant pitch of excitement and awful anger. Others gave vastly different reasons, but all would agree that it was wrong to sell so much on credit to the Allies, amounting in round numbers virtually to ten billions; wrong to ship lethal instruments of war that in sum total sales amounted to over two and one-half billions of dollars; dangerous for our citizens to travel on belligerent vessels; hazardous for us to permit armed belligerent merchantmen to enter our harbors, and equally fatal for the stirring up of racial sympathy and aid by permitting contributions and kindred outlets for support here in America. That was the picture with all its horrendous results. On those chimeras we legislated and on those fears we built.

Is it any wonder we are disconcerted when not a single factor of proportion in this war picture is seemingly existent in the Sino-Japanese hostilities? As we said before, our shipments of arms, ammunition, and implements of war, even munitions in the larger sense, are almost negligible to both sides. There are no credit transactions of old, for cash is placed on the barrel head. We are not worried by armed merchantmen of either nation, nor contributions, nor the presence of our citizens on either Chinese or Nipponese ships. Our points of friction have been few and far between, relatively speaking, so few indeed, that under the old international law we might well have taken care of the situation, though, in my humble opinion, our threat of embargoes even today has had a greater softening power than we realize.

Do not let us deceive ourselves that we can legislate a sure-fire armor against war and rumors of war. Rather must we believe with Marcus Aurelius that we must be content with the slightest gain. It is not to be hoped that as each new situation unfolds itself we will have a strait-jacket formula to solve it. Why this very legislation of ours, enacted with study and reflection even today, presents anomalies which none foresaw. We stop American industries here from shipping to foreign belligerents as soon as the proclamation of neutrality is declared by the President, but nothing prevents the establishment of American branches in other countries, even across our northern and southern borders. In like manner those outlets could handle loans and contributions and in this indirect fashion tear the props from our legislative prophylaxis.

There are incongruities in our Neutrality Act of 1937, which was signed May 1, 1937, and the Convention of Buenos Aires on Consultation of 1936, which, oddly and probably alarmingly enough, was not signed until June 29, 1937. From the Constitution of Magruder and Clarke I have extracted a paragraph called Federal Statutes and Treaties Are of Equal Rank. When a Federal statute and treaty relate to the same subject, the courts will always endeavor to construe them so as to give effect to both, if that can be done without violating the language of either; but if the two are inconsistent, the last one in date will control the other (*Whitney v. Robertson*, 124 U. S. 194). It is submitted that

if two treaties are in conflict the same interpretation is reasonable.

Professor Buell, Raymond Leslie Buell, in Foreign Policy Reports of October 1, 1937, brings up another inconsistency: "The United States is party to a number of multilateral agreements which may be affected by the Neutrality Act. The most obvious case of conflict arises between the Convention of Rights and Duties of States in the Event of Civil Strife, adopted at Habana on February 20, 1928—a treaty ratified by the United States on May 21, 1930. Under this treaty American governments in the event of civil strife are obliged 'to forbid the traffic in arms and war material except when intended for the government, while the belligerency of the rebels has not been recognized \* \* \*'. But under the Neutrality Act, the arms embargo, if applied in the event of civil strife, must apply equally to government and rebels. Under the Habana convention the United States has an obligation to impose an arms embargo upon the rebels alone, but under the Neutrality Act the President apparently cannot impose an arms embargo unless it applies equally to both the rebels and the government concerned."

Such difficulties are part and parcel of every attempt to make a treaty or impose an embargo. Our vast archives of treaties must be thoroughly studied for inconsistencies in theory but from a salutary point of view the practical evils are not so great. Fortunately the President, in this case, has the intervening or causal privilege and in that way he can protect us against unforeseen afterthoughts of damaging consequences. Of course, under the constitutional authority cited, the most recent act is governing authority but none wishes to utilize such an outlet. I tried to point out in the hearings last year the dangers of our commercial and reciprocal treaties and vice versa.

Let no one imagine that there is not an onerous load deposited in the hand of the President when we ask him to find that there exists "a status of war," especially when it may well be said that the very nations involved may have done everything to remove from their conflict the very concomitants which would invite his determination. Certainly, in the Chinese war at this time both belligerents have avoided those prior attributes of a status of war, and they apparently have done it for a purpose. For the President of the United States, out of all the nations in the world, to declare that a status of war is, indeed, a matter of grave and supreme, perhaps horrendous, importance to the rest of the world as well as to us. Let alone the feeling of offense that either or both might feel, there is the added impossibility that reasonable world inferences might stigmatize Japan as the aggressor, for this might jeopardize our nationals in China, forfend chances for peace, and unduly harm our commercial interests. There is much to be said pro and con on these contingencies at a later date, but it is significant that if either Japan or China does declare war or sever their diplomatic relations our Neutrality Act will come out of its chrysalis.

The SPEAKER pro tempore. Under the special order of the House the gentleman from Pennsylvania [Mr. BRADLEY] is recognized for 20 minutes.

#### WAGE AND HOUR LEGISLATION

Mr. BRADLEY. Mr. Speaker, as I intend to talk upon the wage and hour bill, I would ask unanimous consent to include in my remarks, in order to save time, communications from affiliates in the State of Pennsylvania, of the American Federation of Labor, of the C. I. O., and of Labor's Non-Partisan League, in which they endorse, this week, the wage and hour bill, and solicit the support of Members of Congress. I ask unanimous consent to include those communications in my remarks.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BRADLEY. Mr. Speaker, there is upon the Speaker's desk a petition to secure a vote on the wage and hour bill in this House.

I am a new Member of this body, but I have been told that the Rules Committee is the servant of the House of



Representatives; that it is the duty of the Rules Committee to facilitate legislation and to give Members of this House an opportunity to express their will upon legislation which has been introduced into this body. There are those who tell us that if the Rules Committee refuses to report a rule, we have our redress. All we have to do is to secure 218 signatures to a petition of discharge, and then we will be able to vote upon the legislation. I submit that if that procedure were adopted with regard to every piece of legislation that comes before this body, very little would be accomplished by the Congress of the United States.

Mr. O'CONNELL of Montana. Mr. Speaker, will the gentleman yield?

Mr. BRADLEY. Before I yield to my distinguished friend, I would like to say that I cannot yield further because my time is so limited. I yield to the gentleman from Montana for a question.

Mr. O'CONNELL of Montana. Mr. Speaker, the gentleman from Pennsylvania heard the speech of the gentleman from Texas [Mr. DIES] in which he discussed the position of the Democrats on that committee who were opposed to reporting out the wage and hour bill. What is the gentleman's opinion of that speech?

Mr. BRADLEY. Yes; I heard the speech of my genial friend from Texas. Despite the fact that I do not agree with his present political philosophy, I have, in the short time I have been a Member of this body, learned to like him and have a genuine high regard for him. In his usual manner Martin made a good speech, with great eloquence, and versatility. It reminded me of the first speech I ever heard Martin make. The first speech I ever heard him make was in Philadelphia. The Democratic National Committee sent my friend from Texas up there during the last campaign, and I had the honor of speaking from the same platform that night. He delivered a speech that would kindle the flame of liberalism in the heart of even the most rampant Tory. [Laughter.] He took them from the first pages of history down to the present time. He told them how under the Caesars the unscrupulous barons of wealth had exploited the people. He told them how the Gracchi brothers in Rome had striven to ameliorate the lot of the masses in those days. He told them how the Bourbons of France had tried to stifle liberty and had imposed their will upon the masses; and he pointed out to them very effectively that all through history gentlemen of this character had not only worked hardships upon the people but had eventually encompassed the ruination of their own nations. He brought them right down to the present day, to the Du Ponts, the Morgans, the Rockefellers, the Raskobs, and all of their satellites; and he told them how they were attempting to do in the United States what the Caesars and the Bourbons and all the tyrants of history had done in Europe.

He made a very wonderful speech and I sat back there very well satisfied [laughter], and I said to myself, "This fellow is all right. By God! He is further left than Roosevelt." [Applause and laughter.] And did the crowd go wild! They just raved. He had three encores. [Laughter.] He told them how the Du Ponts and the Morgans in this land of ours, in this Republic of peace on earth, good will to men, this modern Canaan of ours, a land overflowing with milk and honey—the Du Ponts and the Morgans were taking the cream out of the milk and the sugar out of the honey. [Laughter and applause.] I applauded louder than anybody else in the crowd. [Laughter.]

After the meeting was over the district leaders of my party came to me and said, "BRADLEY, you will not have much to do down there with men like that." [Laughter.]

I said, "That is right; all I shall have to do is to go down there and vote 'aye', and I will not have anything to worry about." But I have been a little disillusioned. [Laughter.] Only one note of apprehension was struck that night. After the meeting was over an old gentleman came up and said, "BRADLEY, I have been a Democrat all my life; I have fought for the liberal principles of the Democratic Party and I am

proud of it," he said, "but you know we have to exercise a little bit of discretion; we have to be practical about these things. We are in a political campaign," he said, "and you know how the Republican orators and Republican newspapers have been trying to say that Roosevelt is a Communist. But you know they have not gotten away with it because the people know it is nothing but a lot of vicious propaganda; however, you better get hold of this Democratic campaign committee. If they send these orators around here" [laughter]—that is a fact; he said, "If they send these orators around here, they are going to have these people thinking that perhaps there is something in this Communist talk." [Applause and laughter.]

This old gentleman said further, "Everything that the Congressman from Texas said is absolutely right, and we are positively going to do everything that he said we shall have to do in order to correct the conditions in this country; but," he said, "My God! The man is like good old Bob La Follette; he is 15 years ahead of his time." [Laughter and applause.]

They believed everything he said that night. [Laughter.] I, too, was convinced that he meant what he said. [Applause.] And I still think that he meant what he said. I think the trouble with Martin is that he has become so irritated through rubbing shoulders with and getting very little results from these bureaucrats around Washington that he is so fed up with the bureaucratic system, that it has so irritated him that his vision is not as clear as it formerly was.

Mr. DIES. Mr. Speaker, will the gentleman yield?

Mr. BRADLEY. I yield.

Mr. DIES. Mr. Speaker, may I not say to the gentleman from Pennsylvania that I think the gentleman has a very fine constituency and that they have a splendid Congressman. I hope they will keep him here a long time. [Laughter.]

Mr. BRADLEY. I thank the gentleman. I sincerely hope that he will redeem himself, and I reciprocate the wish that his constituents may keep him here for a long time; they, too, have a fine Congressman. [Laughter and applause.]

I think he meant what he said, but he is fed up with these bureaucrats here in Washington; but I submit to you that we cannot tell these people who are suffering under these intolerable conditions in the sweatshops that because we do not like the bureaucrats in Washington we are going to condemn them, the workers, to starvation wages. That is no answer to give to men who are trying to feed their children; and they cannot feed them on \$11 a week; and we cannot alibi ourselves because we do not like the bureaucrats in Washington.

The wage earner and the toiler in the sweatshop are not responsible for the bureaucracies of Washington. Because some are seeking to eliminate what they consider the evils of bureaucracy we cannot be put in the position where we have to tell the people we cannot give them any relief at the present time.

Mr. Speaker, I have just read an article by one of America's foremost writers which appeared in a well-known magazine. He has made a survey of the conditions in certain sections of the United States. He states that in the communities where certain industrial corporations have fastened their talons upon those communities, able-bodied men and women have worked for years and have never received one penny in their pay envelopes. They are the victims of the low-wage scale and the company-store system. For years the only thing they received was an empty pay envelope, which called for \$11 but there were subtractions and reductions for everything they had to purchase in the company store.

These people cannot leave because they never save enough money to get away. If any Member of Congress thinks that because those industries come to his community they are conferring a boon upon that community, he is very much mistaken. The financiers who are incorporating and financing the sweatshops are the very ones who have exploited labor in other parts of the country for years and have well nigh ruined the communities in which they operated and you will experience the same thing in yours.



Mr. CRAWFORD. Will the gentleman yield?

Mr. BRADLEY. Not at this time. You will experience the same thing with them before they are through.

Mr. W. Gordon McKelvey, secretary of the Southern Garment Manufacturers' Association, sent an open letter to mill owners in various parts of the United States requesting them, "For God's sake take heed," and he pointed out it was impossible to expect the men and women of America to be content with \$7, \$8, \$9, \$10, or \$11 a week. He told them they were sowing, right in their own communities, the seeds of communism and he called upon them to adopt a different attitude toward their employees. That letter was from the secretary of the association and his office is in Nashville, Tenn.

A great many of you believe that we recently elected Democratic Members of the House are only interlopers. Some refer to us contemptuously as "New Deal Democrats." You make a grave mistake when you try to measure the extent of our democracy or the sincerity of our advocacy of the principles of Jefferson by the length of service we have in this House. It was a very easy matter to be a Democrat when you had a chance to be elected to office from sections of the country where the party machinery dominated the political situation. However, Mr. Speaker, we have come here from districts in which we have fought for democracy for years, with no hope of political reward because we believed the philosophy of Jefferson was needed to protect our American people. Never in my life, except once, have I or any of my family voted for other than the Democratic ticket. That was when La Follette ran for President. I voted for him, the only time in my life I ever voted for other than a Democratic candidate. I have no apologies for that, because he was a better Democrat, perhaps, than those of us who parade the banner of Democracy. He had a greater vision than any man of his day.

Mr. Speaker, we have for years and years fought and struggled to remain true to the principles of democracy in sections of the country where a Democrat could not even be elected to the office of local constable. However, we were heartened by the fact that we knew there were men in the Congress of the United States who were sincerely battling for the ideals and the principles of Thomas Jefferson. I appeal to you Democrats to serve notice upon those who wish to exploit the workers of this country, no matter in what section of the country it may be, that there is no place, there is no room, for a sweatshop that pays \$10 or \$11 a week and expects American citizens to long tolerate such conditions. Such conditions will breed communism. I ask you before it is too late, that all Democrats from all sections of the country join together to rekindle the fires of Democracy and let the people understand that when President Roosevelt and the Democratic candidates promised them certain liberal legislation, that we meant what we said and we will give it to them, in order to save the country and likewise save the democracy of Jefferson, which advocates principles which are for the greatest good of the greatest number in all sections of our Nation. [Applause.]

Mr. CRAWFORD. Will the gentleman yield?

Mr. BRADLEY. I yield to the gentleman from Michigan.

Mr. CRAWFORD. In the article referred to by the gentleman, did the writer indicate in any way whatsoever that in the automobile centers of this country the companies operate commissary stores or take wages away from the people in the manner indicated by the gentleman?

Mr. BRADLEY. He wrote principally of the textile industry.

Mr. GRISWOLD. Will the gentleman yield?

Mr. BRADLEY. I yield to the gentleman from Indiana.

Mr. GRISWOLD. The gentleman referred to a certain article which dealt with low wages and working conditions.

Mr. BRADLEY. Yes.

Mr. GRISWOLD. Is it the gentleman's opinion that the present House bill, as it stands, based on the wage scale, the value of services, and the cost of living in the various communities, as well as the local differentials, as provided

for in that bill, is a good one, and that the situation in regard to low wages would be changed in certain localities?

Mr. BRADLEY. I agree with the gentleman that the bill is not all it should be. I would like to see a bill without any differential in it at all that would be solely for the benefit of the manufacturer. Because certain sections of the country have been given a good climate by God, wherein the people are able to live cheaply as compared with other sections of the country, is no reason for the manufacturer to take advantage of the climate and the conditions which God gave to the people. That is something which should be an asset of the people—not of corporations.

Mr. PATRICK. Will the gentleman yield?

Mr. BRADLEY. I yield to the gentleman from Alabama.

Mr. PATRICK. The gentleman is opposed to any differential and he would like to see a bill without any differential. May I ask a question and give a little foundation therefor? We have rate schedules for what is known as official territory, for instance, that comes almost down to the Mason and Dixon line. I live in Alabama, which lies in the southern territory. Then there is southwestern territory, made up of Louisiana, Oklahoma, Arkansas, and Texas and perhaps another State. The territory west of that is classified as western territory. In those areas trade agreements, and so forth, have grown up so that they are recognized by the Interstate Commerce Commission in the various territorial classifications.

In shipping goods from the North to the South and from the South to the North over the identical lines, the goods being handled by the same train crews, for example, if you ship something from Philadelphia to Birmingham it goes at the official rate, but if you ship the same item from Birmingham to Philadelphia it goes anywhere from 4 percent to as high as 30 percent higher at the southern rate. If the wage and hour bill is passed without a differential, so in addition to the wages paid to produce a commodity the producer of such commodity must absorb the transportation differential, how is he going to meet competition on the open market when it comes to getting contracts for the sale of his goods?

Mr. BRADLEY. I think that is something which should be fought out with the I. C. C. It is a matter of railroad rates. We suffer under the same situation right at Philadelphia.

Mr. STARNES. Mr. Speaker, will the gentleman yield?

Mr. BRADLEY. I shall be glad to yield in just a moment.

I am not hopeful that we shall be able to get such a bill through the House without any differential. I admit those things take time. However, I do think this bill is a step in the right direction, that it is a good start, and we should at least start somewhere. If we have to make any adjustments later, we can make them with equal justice to all sections of the country, and I shall be glad to cooperate in that respect. [Applause.]

Mr. PATRICK. One other word along the same line: I have signed the petition to bring the bill out on the floor.

Mr. BRADLEY. I know the gentleman has signed the petition and think he is to be commended for his broad, liberal political philosophy, in which I knew he is sincere.

Mr. PATRICK. Does not the gentleman believe it would be wise and for the benefit of the entire Nation to have an amendment put in the bill providing that transportation differentials shall be eliminated, so there will be no transportation differentials in the entire country?

Mr. BRADLEY. I think the transportation differentials could be covered by an amendment. [Applause.]

Mr. Speaker, the letters to which I referred earlier in my remarks are as follows:

LABOR'S NON-PARTISAN LEAGUE OF PENNSYLVANIA,  
Harrisburg, Pa., November 10, 1937.

HON. MICHAEL J. BRADLEY,  
United States Congress, Washington, D. C.

DEAR SIR: As you leave for the special session, you are asked to carry with you our most earnest request that Congress do not adjourn until it has enacted an adequate wage and hour bill and other needed progressive legislation.



Business and industry of the Nation were decidedly stimulated by the constructive measures which were applied in the previous emergency. By these means the condition of the country, most deplorable due to the industrial collapse, improved rapidly. This is universally admitted.

Present business distress proves that the Government withdrew its assistance too soon. The market has not expanded enough for the mass of goods which are produced to be consumed through present purchasing power. Millions of unemployed have not returned to jobs because too many others work unduly long hours. Again there is an emergency. It is Nation-wide.

Hence the pressing need for the Federal wage and hour bill. A measure economically sound and equitable would stop industry from sinking deeper into slump, make competition fair, revive and raise business to the main road of prosperity.

We are sure you realize it is worth all that can be done to halt business recession before it reaches a crisis. Those of your colleagues who are cold or hostile will have to be won over, lest the danger now feared becomes a tragic reality. May your fullest support be counted on to have Congress pass an effective wage and hour bill and other needed progressive legislation?

Very truly yours,

P. T. FAGAN, *State Chairman.*

PENNSYLVANIA FEDERATION OF LABOR,  
Harrisburg, Pa., November 13, 1937.

HON. MICHAEL J. BRADLEY,  
*United States Congress, Washington, D. C.*

DEAR SIR: We respectfully request your vote and influence in favor of wage and hour legislation for interstate industries that will eliminate labor exploitation and provide additional employment opportunities in such industries.

Pennsylvania, our second largest industrial State, has already enacted good legislation covering hours of work, minimum wages, and child labor. A résumé of that legislation is enclosed.

The enactment of similar legislation on a Federal basis will establish a standard for interstate industries that would assist in vitiating competition claims between the States, and lead eventually to the enactment of relatively uniform legislation throughout the Nation.

We ardently believe that such reasonable governmental regulation of our social and economic affairs is not only essential from a humanitarian standpoint, but that it will also be our best guaranty of a continuing civilization under our American system of government.

Sincerely yours,

JOHN A. PHILLIPS, *President.*  
LESTER THOMAS, *Secretary.*

Whereas thousands of workers are being laid off in all plants in this city; and

Whereas these lay-offs seem to be mainly an attempt on the part of big business and reactionary interests to exert pressure on the coming session of Congress to give up all social legislation favorable to labor; and

Whereas these interests are using both the press and the radio to give Congress and the President the impression that they are expressing the will of the American people: Therefore be it

*Resolved*, That the Philadelphia Committee for Industrial Organization go on record to endorse the need for more social legislation, particularly the passage of the wage-and-hour bill; and be it further

*Resolved*, That the Philadelphia Committee for Industrial Organization take the initiative in organizing a mass demonstration, either in the form of a parade or mass meeting, to show the stand of organized labor on the proposed legislation and the unwarranted lay-offs; and be it further

*Resolved*, That the Philadelphia Committee for Industrial Organization print and distribute 100,000 postal cards addressed to the Philadelphia Congressmen and Pennsylvania Senators, urging them to take immediate action to stop the political strike conducted by big business against the administration measures; and be it finally

*Resolved*, That copies of this resolution be sent to the Pennsylvania Congressmen and Senators, Speaker of the House, President Roosevelt, Vice President Garner, and to the press.

PHILADELPHIA COMMITTEE FOR INDUSTRIAL ORGANIZATION,  
WM. M. LEADER, *President.*  
FRED. J. MCCALL, *Secretary.*

The SPEAKER. Under previous order of the House, the gentleman from Pennsylvania [Mr. FADDIS] is recognized for 15 minutes.

THE BALLOT IS TOO SLOW FOR DEFENSE

Mr. FADDIS. Mr. Speaker, I wish to take a few minutes to address my remarks to the Ludlow resolution, which would require a national referendum before we could engage in a foreign war. This, Mr. Speaker, would take from the Congress the power to declare war—a power which was imposed upon this body by the founders of the Constitution. The power to declare war is a grave, and, indeed, an awful responsibility, one to be exercised only after the most serious, care-

ful, and prayerful consideration. In the exercise of this power may depend the very fate of our Nation.

Let me say, Mr. Speaker, that I sympathize with the desire of the distinguished gentleman from Indiana and with the desires of those who view the matter as he does to prevent this Nation from becoming engaged in any wars, either foreign or domestic. Their purpose is most commendable and, I am sure, is actuated by the very highest of motives. However, let me make this observation. A nation, rendered helpless by the very highest of motives, is just as helpless as though rendered so by the very basest of treachery.

The Members of Congress, Mr. Speaker, are the direct representatives of the people in foreign as well as in domestic affairs. That is the way a democratic form of government functions. I have the highest respect for this body. I believe it is composed of patriotic men of ability. They endeavor to represent the sentiment of their constituents. From their constituents they obtain their ideas regarding domestic affairs. In regard to foreign affairs, however, they are in a different position. In such matters they must be guided to a large extent by information which their constituents do not in general possess. In connection with the foreign affairs of the Nation, and especially in the conduct of war, it is impossible to disclose all of the facts and conditions involved. The idea in waging war is to win the war, and in time of war, or an emergency due to the imminence of war, it is impossible to make too much information public without giving the enemy information.

Another point is this: In time of emergency it is of paramount importance to have a united population. As our colleague [Mr. LEWIS of Maryland] so ably pointed out upon this floor yesterday, we must run no risk of two wars, one at home and one abroad. In such a case we would be doomed to defeat at the outset.

In the conduct of warfare it is of the utmost importance to seize and control the initiative. To be able to promptly carry the war into the country of the enemy is the very best of tactics. Never was a better example of this fact furnished than in the present difficulty between China and Japan. Had China been prepared to carry the war to the island empire of Japan, or even into the seas surrounding, the war would have ended in a few weeks. Had China been able to carry the war in the air to the vital centers of Japan, Tokyo, and other cities, it would have ended in a few days. Her impotence and her inability to do so have resulted in the war being brought to China. It is the civilian population of China upon which the horrors of war are falling. The peaceful Chinese, instead of the aggressor, Japanese, are paying the price of the impotency of their peacefully inclined nation. God grant that we may never be in a like situation. The death and destruction among the armed forces, during modern war, are nothing to be compared to that among the noncombatants. During the World War the inability of the French and Belgians to carry the war into Germany resulted in the destruction of large areas of those nations and the consequential suffering and death of their own nationals. History is so replete with similar lessons as to be unmistakably plain to even the rankest amateur student of warfare. The history of the world is but a series of invasions and supplanting of one people by another. I do not wish to see my people in this Nation supplanted.

Another fact of history is this: Few, if any, major conflicts have ever been won except upon the ground of the enemy. In our Revolutionary War we whipped the British on their own soil and made of it our Nation. In the War of 1812 we were defeated on land in our own Nation in almost every battle, but won the war by carrying it to the decks of the ships of the Mistress of the Seas. The Barbary pirates paid no heed to our protestations, but when we carried the war to their own shores quickly concluded a lasting peace and American commerce was safe upon the Mediterranean Sea. The Mexican War, the defeat of the gallant Confederacy, our victory in the Spanish-American War, and the defeat of the Central Powers in 1918 are further examples. In case of war we must strike and strike quickly on foreign shores or waters, or destruction and defeat



will be brought to our very hearthstones. Which do you prefer?

To bring a war to a successful conclusion the hostile will to wage combat must be broken. This cannot be done in a negative manner. Again permit me to draw upon the present situation in Asia for an example. Suppose the Chinese succeed in holding out until the Japanese are worn out economically. Have they achieved a victory? Indeed they have not. They have only succeeded in securing a temporary stalemate. The Japanese will retire to brood over their repulse and plan a new aggression on a grander scale. What did the first repulse of the Italians from Ethiopia accomplish except to delay the inevitable result. Did the untimely peace brought on by Theodore Roosevelt in the Russian-Japanese War stop the dream of that island empire for imperialism? The innocent Chinese civilians around Shanghai are today paying for our well-intended meddling. History furnishes us no other kind of examples. Wars, like political fights, must be fought to win or lose. Draws or compromises do not count.

Action must be prompt, effective, and positive. Modern mechanization, transportation, and equipment have brought nations more closely together, have neutralized natural defensive barriers, and have made the need for prompt action more imperative. The factor of time is more vital than ever. The hair-trigger mind has also developed in proportion. Today wars are fought and not declared. The former code duello among nations, in which communications were exchanged and diplomatic representatives were recalled before a formal declaration of war, has been replaced by the methods of the metropolitan gangster. The first notice of hostilities is a blast of machine-gun fire, a rain of bombs from the skies, and deadly clouds of gas falling most devastatingly upon the innocent and helpless noncombatants. If we must ever fight in another war, or if our sons must ever fight in one, it should be as far from our mothers, wives, and daughters as possible.

A great many of our so-called pacifists seek to have it believed that wars have been brought on by individuals wishing to profit thereby. This is an implication which seems to have gained some credence in the popular mind. Where is there any proof for such a statement? Not the slightest. Wars in the past have been fought, from the time of savagery to the present time, almost wholly for commercial reasons. Some few have been fought for religious or political reasons but for the most part they have been fought for the control of hunting grounds, pastures, sources of raw materials, markets, or the trade lanes leading to or from. Wherever commercial interests clash are sure to fall the sparks which may explode the magazines of Mars. We may sneer at commerce and make light of it all we please, but the fact remains that the commerce of the Nation is the commerce of the people of the Nation. It is not alone the commerce of the Mellons, the Du Ponts, the Morgans, or the Rockefellers. It is also the commerce of the Smiths, the Joneses, the Murphys, the Cohens, the Strobinskis, and the Picollonis—the men who labor on the farms and in the mines, mills, and factories. Not alone the commerce of Wall Street, but as well the commerce of Main Street and the streets across the railroad tracks.

We are a commercial Nation whether we will or not. We are by no means self-sufficient and depend upon importation of many essential commodities necessary to our national welfare in time of peace and our national existence in time of war. The interruption of certain of these commodities for even a few days would be a national calamity. Those in charge of our national defense must be left free to act quickly in time of emergency or dire consequences may very easily result. We cannot be isolationists for even a few days. Internal strife is much more dangerous than foreign troubles. Our enemies would like nothing better than to have us shut up within our own borders for a period during which we wage a political campaign to determine whether or not we would go to war. At the conclusion of the campaign, whatever its result, we would be easy picking. We must not

become sold on the theory that a physical invasion of our Nation is the only factor which can threaten our national security.

It might be mentioned in passing that in the last generation a new cause of war has arisen. A political cause. In the future, wars will also be fought to establish the supremacy of different schools of political belief. The people of the world are becoming more politically minded. Competition to force the political thought of a nation upon another people is taking its place alongside commercial competition and promises to be even more strife provoking than was ever religion or commerce. The causes of warfare are multiplying, not diminishing. The danger is greater and therefore the various intricacies, such as would be involved in the plan of the gentleman from Indiana, are all the more dangerous. Negotiations between democracies proceed at a slow pace, but among dictatorships it proceeds with the speed of lightning.

Another danger in this matter presents itself if this amendment to the Constitution should be adopted. That danger comes from the world-wide drift toward political competition, from which we as a Nation are by no means immune, signs of which are apparent in opinions relating to the Spanish civil war. Also, we can observe among our citizens certain organizations which, while apparently opposed to foreign wars for any cause, seem ready enough to resort to domestic violence to attain their ends. Human minds are by no means infallible and are not permanently fixed. They are subject to change and are also subject to being influenced by propaganda and unduly inflamed over comparatively unimportant incidents. It is quite possible that occasions might arise wherein a popular vote might lead the Nation into a war which the Congress would not of its own will undertake.

Amendments to the Constitution are meant to remedy defects in our system of government which our experience proves should be remedied. What is there in our past to justify such a demand? Never have our forces been used except in defense of justice, national and international. No intelligent person can read history and accuse our military forces of being habitual and tyrannical pursuers of invasion and conquest. But year by year, decade after decade, our system of national defense has been built around the sound theory that its most valuable asset in keeping the peace is its freedom to use its initiative in impending emergencies. That initiative does not extend to declaring war. But it does permit constant readiness to move to thwart any potential enemy, before that enemy has destroyed lives, homes, and property on American soil. Should we change this tried and proven policy because of the actions of Napoleon or Kaiser Wilhelm or any other foreign war lord? Not any more than we should change our monetary system because of their mistakes in that respect.

Let the people speak through their elected representatives in this as in other matters. [Applause.]

The SPEAKER pro tempore. Under the previous order of the House, the gentleman from Texas [Mr. SUMNERS] is recognized for 15 minutes.

Mr. SUMNERS of Texas. Mr. Speaker, first, I want to compliment the two Houses of Congress upon the disposition manifested to gather around the council table and consider in a proper spirit the problems of this country. We have entirely got beyond the time when the responsibilities of the statesmanship of this country can be discharged by criticizing somebody or by criticizing the opposite party.

I believe no student of existing conditions in America and in the world can fail to reach the conclusion that the problems of this hour challenge us to a higher degree of efficiency in real statesmanship than that which has ever been required at any period in the history of any people. A responsibility like this makes us humble, sobers our judgment, and gives us a tolerant attitude.

There are some very distressing developments in America and in the world and some that give us courage. Speaking generally, I think there is a greater disposition on the part



of the people and their public officials to get their feet on the ground and their heads on their shoulders and lay their propositions out on the table and look at them and try to arrive at a sound conclusion. Once in a while I think it is a good thing for a country, as it is a good thing for a mercantile establishment, or as it is a good thing for anybody, to stop and examine candidly its policies, to take a sounding, to read the stars, and to look at the compass.

These observations are largely aside from the purpose which prompted me to ask your attention and indulgence for a few minutes this afternoon. I have been thinking for a good long while as to what is happening in this country and in the world from a lopsided development which is making this to be known as the machine age, which is literally, in many respects, bringing a definite conflict between human beings and inanimate machinery. It is an interesting thing when you look at it that really on the earth today there is a definite conflict between human beings and machinery. I mean that the improvement which we have made in mechanical equipment has so far outstripped our ability to distribute the benefits of improved machinery and to prevent it from actually becoming a destructive agency in the world that it produces a serious question.

Of course, every machine, every invention, to some degree disturbs existing relationships, but when you have a situation such as we have in the world today, when we know that we have so far outstripped ourselves in the development of machinery that improved machinery is putting on the streets honest people who want to earn a living, and is giving to the people who do have work the necessity of maintaining as objects of charity or quasi objects of charity millions of people, then it is at least worthy of putting the problem out on the table and seeing whether or not the policy, as it has been developed, is wise. Let me put it this way. It is all right to increase your mechanical agencies if you parallel that increase so that the human beings who are released by reason of improved machinery have a chance to get another job, but when you have improved your machinery so much more rapidly than you have improved in other directions, when you put the machine on the job and turn an honest man out on the street and send him home to his family at the end of the day, when he has been willing and ready and able to work, the question then presents itself of whether or not it is a wise public policy for a public agency to offer a definite inducement to whomever may give it some more idle people. I do not, of course, refer only to the machinery but to the failure to make the necessary readjustment. I have been a trader ever since I was a kid in the hills of Tennessee. I would buy anything from a yearling to a polecat hide, but I always wanted to know, when I swapped anything, whether I was getting the value of it or not.

Now, is it good, old-fashioned, common-sense trading to go out in the market and buy some more idle people by offering whoever will invent a machine that will give you some more idle people an inducement of 17 years of a monopoly on the right to use such machine?

That is the concrete proposition. It is an entirely different proposition from just letting everybody go ahead and get what he wants and do as he pleases. That is not the proposition; but here is the Government of the United States, with probably six or eight or ten million idle people, now under its patent laws advertising to the whole world that if anybody will just do something that will give us some more idle people we will give him a right of monopoly for 17 years in the use of the invention. It is a matter that is of sufficient importance and rests on a sufficiently sound consideration to justify a serious examination. We have never thought about it, have we? It has just always been, and it is a mighty difficult thing to get us to put a proposition out on the table and look at it that we have inherited. I have been considering this a long time. I am introducing a bill today—not a bill that I would be willing to have passed, but a bill simply presenting for consideration the principle, because I would not undertake to write out in detail a bill unless we want to do something about it. I am

introducing this bill today that will stop for the time being the bidding on the part of the Federal Government for some more idle people. I am offering the bill to stop the issue of patents on the part of the Federal Government in labor-saving devices. [Applause.] I do not know; it may be foolish, but I am doing it. You know, when you have thought about a thing a long time, when a thing will not get out of your head, you have got to do something about it, and that is what has happened to me. I have been thinking about this thing a good while, and I have been pretty much interested in this world that I am living in. I have a sort of natural defect of acquiring a volume of knowledge. People know things and they tell me about them and I know they know it, but I have to send that through the processes of my own analysis before it is my knowledge. I have looked at this thing a good while, and 5 years ago I wrote a letter to the chairman of the Committee on Patents, which I ask that the Clerk read in my time.

The SPEAKER pro tempore. Without objection, the Clerk will read.

The Clerk read as follows:

JANUARY 4, 1932.

Hon. WILLIAM I. SIROVICH,  
Chairman, Committee on Patents, House of Representatives,  
Washington, D. C.

MY DEAR COLLEAGUE: I beg to direct the consideration of your committee to the possible advisability under our circumstances of suspending, for the present, patents for labor-saving devices.

I have not thought the matter through all of its ramifications, but sufficiently to feel warranted in calling it to your serious consideration, not as a major factor but as one of considerable importance in itself and still more important for the principle which is involved.

In the first place, a patent is not a thing which anyone can claim as a matter of right.

It is a monopoly of the right to use, granted by the Government as an inducement to devise novel things for the public benefit.

We have accepted without question that anyone who invents a labor-saving device is a public benefactor and have accepted the advantages of those devices without accepting any of the corresponding and paralleling responsibilities and duties.

As a result we have naturally developed a lopsided progress.

Only as the buying power of the average person is increased so that he can buy something, to him new, something created by the person whose job has been taken by a machine, and as hours of labor are readjusted and the benefits of such inventions distributed is it safe to increase labor-saving devices, or at least wise, as a matter of public policy, for the Government to offer persons a special inducement to invent them.

Farmers who learn to cultivate by a better method are not given patents. Physicians who develop new and better methods of treating diseases are not given monopolies in the method of treatment.

Certainly it is far better to have two persons working, each earning his own living, than to have one person with a machine to do the work formerly done by the two, and the person supplanted, unable to get any other work, an object of charity. It is still worse under these conditions for one person to do the work of three.

To increase machine production per man without increasing per-man power to buy does not tend toward a healthy economic or industrial condition. To increase production and at the same time decrease the number of those able to buy is tragically unsound. The person supplanted by the machine and left without a job cannot purchase. There is nothing more hurtful economically and morally or more dangerous to the State than to have people ready, willing, and able to work for an honest living but deprived of the opportunity.

The corresponding and, in nature, paralleling line of true progress is too far behind. Had we not better wait with the one, or at least withdraw the artificial stimulus given by the Government until the other line is brought up?

With millions of people idle who are willing to work, as a matter of practical common sense it seems to me an absurd thing for the Government to continue to offer this inducement to persons who will devise methods for taking away jobs of persons now engaged, who will have to be supported either by charity or from the Public Treasury.

Very respectfully,

HATTON W. SUMNERS.

Mr. SUMNERS of Texas. That is all I want to say.

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

Mr. CHURCH and Mr. McMILLAN rose.

Mr. SUMNERS of Texas. Mr. Speaker, may I have a moment or two in which to answer questions?



The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. SUMNERS of Texas. That is all I want to say except this: I wish the Members of Congress would think about this. It is a matter worthy of thought, and out of the thinking we may arrive at some sound conclusion about it. I thank you very much for the privilege of submitting this to your serious consideration.

Mr. McMILLAN. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes. First, may I ask is anyone to follow me?

The SPEAKER pro tempore. There is one more speaker.

Mr. SUMNERS of Texas. I do not want to encroach upon his time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas to proceed for 5 minutes?

There was no objection.

Mr. McMILLAN. Mr. Speaker, may I ask of the gentleman whether it is his purpose to incorporate the language of the bill that he has proposed to pass in his remarks, for the information of the House?

Mr. SUMNERS of Texas. It is, but I shall only submit the principle. I do not undertake to go into detail. There is no use trying to write the bill in its details until we agree on the principle. The text of my bill is as follows:

*Be it enacted, etc.,* That after the date of the enactment of this act and until — no patent shall be issued under the patent laws (title LX, ch. 1, as amended, of the Rev. Stats.; U. S. C., title 35) for the invention or discovery of any labor-saving machine or device or any improvement thereof. This act shall not apply in case of any application for a patent which has been passed and allowed, and notice of which has been sent to the applicant or his agent, prior to the date of enactment of this act.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. CHURCH. Does the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. CHURCH. Does the gentleman realize that the most humble persons generally have been inventors of the things the gentleman refers to? Does not the gentleman realize that if we take off the restriction upon business that will put millions of men to work—the very people the gentleman is referring to?

Mr. SUMNERS of Texas. I am afraid that I do not get the gentleman's point.

Mr. CHURCH. First, that the most humble individuals in the world are those who are getting patents and that today the restrictions on business are such that you are not even encouraging business and you will not liberate capital to put every man to work which the gentleman claims are out of work.

Mr. SUMNERS of Texas. I understand the gentleman's question.

Mr. CHURCH. I am on the Patents Committee, and I have given that matter considerable thought. I think the gentleman is going at it from the wrong end.

Mr. SUMNERS of Texas. The gentleman thinks we ought to increase the inducement to people to give us more inventions to put more people out of work?

Mr. CHURCH. We have the foreign countries to compete with, and they will send their goods here instead of our making the machinery.

Mr. RICH. Mr. Speaker, I congratulate the gentleman on his effort to try to prohibit mass production, thereby taking the place of honest American labor. If you will protect American labor from foreign shores, we will get everybody to work and you will have a contented and happy land. I am glad to see the gentleman present that proposition.

Mr. MURDOCK of Arizona. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. MURDOCK of Arizona. Would it not be better to change our existing law with regard to patents rather than

to declare a moratorium on the granting of patents or to proclaim a holiday on inventions?

Mr. SUMNERS of Texas. I think it is quite worth while to take under examination the whole policy with reference to patents.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. CASE of South Dakota. Would not the gentleman be afraid he might prevent the creation of some inventions that would actually produce more labor? I have in mind the industry with which I am most familiar, the printing industry. The invention of the linotype certainly put hand printers out of work for a time, perhaps, but the invention of the linotype has made possible far more jobs in the printing trades than ever existed before it was invented.

Mr. SUMNERS of Texas. I cannot agree with the gentleman's conclusion. I think the linotype, which may have been justified for other reasons, certainly took a lot of people out of business. It takes a whole lot fewer people to set up a paper by a linotype than by hand.

Mr. CASE of South Dakota. But it has increased the printing business.

Mr. SUMNERS of Texas. I understand this is a difficult question. I thoroughly understand it is a two-sided question.

There is not anything in the proposition that a labor-saving device puts more people to work. That is all hokey. Go down the street and see one of these ditch-digging machines that puts a hundred people out of work. There may be some other good reason for it, but it certainly puts a lot of people out of work.

Mr. FADDIS. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. FADDIS. I agree with the distinguished gentleman from Texas in his argument that labor-saving machinery is a detriment to the country insofar as it displaces many men. I do not believe the work is done any cheaper, as a general thing, but it just displaces more men. But, as to the gentleman's idea of eradicating this evil by refusing to grant patents, it would seem to me to work in the opposite direction, because a patent is somewhat of a monopoly and restricts the use of labor-saving machinery. I do not believe the question could be solved by refusing to grant patents. I believe the situation would even be worse.

Mr. SUMNERS of Texas. Those are the things I want everybody to think about.

[Here the gavel fell.]

Mr. SUMNERS of Texas. May I ask for just 1 more minute, and then I will be through?

The SPEAKER pro tempore. The gentleman asks unanimous consent for 1 additional minute. Is there objection?

There was no objection.

Mr. SUMNERS of Texas. I have introduced this bill to submit this matter to the consideration and study of the Congress and the country. It is not a matter to be easily put aside. This Government, which already has millions of idle people on its hands, is each day bidding for more. This increase of idle people is an increase of a serious menace, an increase of as destructive an agency as could be imagined. Whatever may be said on the other side of the matter, the statements on this point in my letter, written 5 years ago, are sound.

Mr. COLDEN. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. COLDEN. One of the abuses of the patent system is that one firm or group of firms will buy a patent, and they will use that as a monopoly, and the public does not get the benefit of the cheaper prices. It seems to me that we could amend the patent law by making patents open to all manufacturers who wish to pay royalty and use them.

Mr. SUMNERS of Texas. I think the whole thing should be examined. My experience this afternoon is no different to what it always has been, because every time I have suggested this everybody has jumped on it, but I cannot get it



out of my head that it is not worth considering, and I am taking a chance. [Applause.]

[Here the gavel fell.]

#### PERMISSION TO ADDRESS THE HOUSE

Mr. MURDOCK of Arizona. Mr. Speaker, I ask unanimous consent that I may proceed for 5 minutes.

The SPEAKER pro tempore. The gentleman from Pennsylvania [Mr. DITTER] has 10 minutes, under a special order. The gentleman can put his request to follow the remarks of the gentleman from Pennsylvania.

Mr. MURDOCK of Arizona. Then I will ask unanimous consent to address the House for 5 minutes following the gentleman from Pennsylvania [Mr. DITTER].

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

#### WAGE AND HOUR DISCHARGE PETITION

The SPEAKER pro tempore. The gentleman from Pennsylvania [Mr. DITTER] is recognized for 10 minutes.

Mr. DITTER. Mr. Speaker, our attention was directed this afternoon by my distinguished colleague from Pennsylvania to the subject of war. I believe his concern was well founded. It seems to me, however, that he should be concerned today with the state of war that exists here in the House.

I rise this afternoon to extend to the majority leader my sincere sympathy. In expressing my sympathy to him I feel confident that I express the sympathy of all the Members on our side of the House. What a sorry spectacle we were treated to today. My heart went out to the majority leader today. I have affection for him and a high regard for him. I was distressed as I saw him being led as a lamb to the slaughter. He offered himself as a sacrifice on the altar of the now desperate New Deal. I have heard the distinguished majority leader under other conditions and under other circumstances. I have heard this persuasive oratorical southerner make other appeals to this House. I have heard him defend the "death sentence" in the utilities bill. I could not help but compare the weak efforts that he put forth this afternoon with other speeches which he has delivered.

Today contrition was in every word, regret was present in every sentence, despair, disappointment, and chagrin manifested themselves on all sides as the distinguished majority leader came, offering himself as a face saver for the administration. He deserves our sympathy.

I recall that yesterday he resented the suggestion of the distinguished minority leader that he had been to the White House and taken orders. That rather irked the majority leader yesterday. I recall it, and still I could not help but feel that he must have been there; else how otherwise could he possibly explain his effort today?

I think the country should know what splendid service the distinguished majority leader has rendered. I believe the minority should join in recognizing the splendid way in which he told the country today that the New Dealers are demoralized and disintegrated. I do not know whether I imagined it, but it seemed to me that I could sense on the other side of the aisle today a great deal of humor as two distinguished men tried to say one to the other: "Do not blame me." You remember the chairman of the Rules Committee as much as said, "It is not my fault; the sin is not at my door; my hands are clean." And then you will remember that the distinguished majority leader, for whom again I profess a real regard, you will remember how he came and held up his hands and practically said: "Do not blame me; do not lay this sin at my door; I have signed the petition."

What does it mean? Does it mean that the distinguished majority leader is no longer the leader in the House? Does it mean that the majority leader no longer trusts the men of his own committees? Are we to understand that the majority leader admits that the majority of the Rules Committee cannot be depended upon? Does it mean that he lays at the

door of the majority members of the Rules Committee the indictment that they are not to be trusted and that their judgment is not to be followed. Does it mean that they can no longer be looked upon to direct the legislative program of the majority? Does it mean that he no longer has confidence in his members of the Rules Committee?

No censure should come to the Rules Committee. The chairman of the Rules Committee vindicated his position today. The members of that committee have acted in good faith.

Has the New Deal collapsed? Has the New Deal broken down? Has the New Deal been torn asunder by dissension and strife? Yes; it appears that a degree of independence has developed which means much to the country.

May I call the attention of the majority today to the fact that the rules are made for the protection of the majority? Do not tell the country that this is the fault of the Republicans. I call the attention of the majority today to what the RECORD shows on the 16th of November, the day after this extraordinary session started.

Mr. NICHOLS rose.

Mr. DITTER. I cannot yield. May I call the attention of the majority to the fact that the distinguished majority leader asked unanimous consent that day to dispense with business in order on Calendar Wednesday, just a week ago? It would not have been necessary for him to come in today and say, "Do not blame me; my hands are clean," if he had not made that request at that time. He might have permitted the calendar to be called; but you know why it was he wanted to adjourn last week. You know why he wanted to dispense with business in order on Calendar Wednesday. You know why it was that he did not want the sounding board of Congress here. It was for one reason only: Because a special session had been called with no program, with no outlook, with no objective, but with a disorganized, disgruntled, dissatisfied, disappointed group of New Dealers here in Washington with nothing to do. The serious business recession apparently made no impression, so Calendar Wednesday was dispensed with and we adjourned.

The country should know today that if the wage and hour bill is to be considered in this session it is up to the majority and not the minority to get together a bill which will command the support of the majority.

Mr. NICHOLS. Mr. Speaker, will the gentleman yield?

Mr. DITTER. No; I decline to yield. You are responsible for the legislative program or the lack of one. We come now to you today and say just as you said earlier in the day, "Do not lay the blame at our door; do not charge us."

Mr. Speaker, I regretted to hear the distinguished majority leader turn his back on the South. That, to me, was painful.

Mr. DIES. Is the gentleman in favor of the bill?

Mr. DITTER. I am not yielding to my distinguished friend. I am not yielding.

The SPEAKER. The gentleman from Pennsylvania declines to yield.

Mr. DITTER. Today the majority leader forsook the South. He parted company with the men of the South who believe in its industrial program and dream dreams of a new South. Old ties were broken then. Old associations were severed then. The new South of industrialism was forsaken.

The merits or demerits of the wage and hour bill is not the question. What we are concerned about is the cleavage in the ranks of the New Deal, the wedge which has been driven deep, the dissension which is so apparent, which has made of this special session a farce and a failure. [Applause.]

[Here the gavel fell.]

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to be allowed enough time in which to reply to the essential parts of the address of the gentleman from Pennsylvania. I, therefore, ask unanimous consent to proceed for 2 minutes. [Laughter and applause.]

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.



Mr. RAYBURN. Mr. Speaker, I am deeply grateful to my colleague, the gentleman from Pennsylvania, for his remarks concerning myself when I need sympathy and his expressions of sorrow, but it so happens right at this time I am not poor enough to need that on behalf of this side of the House. I think I would have let his high compliments go unchallenged, or would have accepted them in silence, if it had not been for the fact that in the last few words of his remarks he spoke about my turning my back on the South.

It happens that I went home when Congress adjourned and stayed there until just before I had to come to Washington to attend the special session. I mixed and mingled with my people and I discussed wages and hours with them. I told them that a great agricultural section of the country like mine that has some industry and is getting more would be helped, and the people would be helped more than any other class of people in the world, by having the workers in the towns and cities given a buying power so that they may be able to buy the necessities of life that we produce. [Applause.]

The biggest manufacturer in the district in which I live came to me and said:

I am for the wages-and-hours bill. We have an effective anti-child-labor law in the State of Texas. I pay decent wages. I work my employees decent hours and I am tired of competing with factories in cities and States where they do not have effective anti-child-labor laws and where they work people in sweatshops.

Those are the kind of people I represent down in the great Southwest. [Applause.]

Mr. Speaker, I am not turning my back upon them. I want and they want the men, women, and children throughout the length and breadth of this great country of ours to work under decent conditions and to have a decent wage. The statement is made that you on the Republican side have no responsibility. I understand you on that side of the aisle are going to have a caucus very soon. You cannot quite have that caucus in a telephone booth, but if your membership is as numerically reduced in 1938 as it was in 1934 and 1936, that will be an easy matter.

There is no despair about this matter, as far as I am concerned. Some gentlemen said they did not want the rule. The Republican members of the committee have said, or by their actions have indicated, that they do not want a rule. I wonder how many men on that side of the House will take the only course open to get this great humanitarian legislation considered by the Congress? You were elected by great constituencies that expect you to perform your duty as statesmen and not as partisans or as politicians.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. No; I do not yield.

[Here the gavel fell.]

The SPEAKER. Under a previous order of the House, the gentleman from Arizona [Mr. MURDOCK] is recognized for 5 minutes.

Mr. ALLEN of Pennsylvania. Mr. Speaker, will the gentleman from Arizona yield for a minute?

Mr. MURDOCK of Arizona. I yield to the gentleman from Pennsylvania.

Mr. ALLEN of Pennsylvania. Mr. Speaker, may I answer one accusation which the gentleman from Pennsylvania [Mr. DITTER] made against the majority leader, namely, that part of his remarks in which he referred to the gentleman from Texas [Mr. RAYBURN] receiving orders from the White House.

I was present at a caucus last summer before we adjourned and I heard the gentleman from Texas [Mr. RAYBURN] at that meeting promise the Democratic Members of this House that when we returned he would sign his name to a petition, if necessary, to discharge the Rules Committee. He stated at that time he was breaking a precedent, that it was the first time he had ever done so. His act today was in fulfillment of that promise, and he took no orders from the White House.

Mr. Speaker, the gentleman from Pennsylvania [Mr. DITTER] on several occasions last year urged the Members on this side of the House to show some independence of action, and now because a few Members have differed, so far as

the principles or the mechanics of the wage and hour bill are concerned, he calls this independent action disintegration and demoralization—inconsistency again on the part of my Republican colleague.

Mr. Speaker, may I say in conclusion that if the gentleman had spent 15 minutes offering something constructive to the membership, something that might have benefited the Nation—which is in need at this time, we all agree—I think his efforts would have been more commendable. He need not worry about the loyalty of the Members on this side of the aisle. They are behind the majority leader. [Applause.]

The SPEAKER. The gentleman from Arizona [Mr. MURDOCK] is recognized for 4 minutes.

Mr. MURDOCK of Arizona. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. MURDOCK of Arizona. Mr. Speaker, I have requested a little time to speak on the momentous question raised a half hour ago by the gentleman from Texas [Mr. SUMNERS], my good friend and neighbor. He is not only a gentleman and a scholar; he is a philosopher. However, I may slightly differ with him perhaps in just a few respects.

Before I begin that discussion may I comment on what I have observed in this Chamber during the last 15 or 20 minutes? I might have been presumptuous in talking thus with some of my friends when I went back home a few weeks ago, but I did so, and I was asked by a number of them, "What do you think of the House of Representatives of which you are a Member?" I said some rather complimentary things about my colleagues. I stated, for instance, I felt from my short association with the Members of this House that the membership in general does not lack real patriotism. I stated further our membership, in my firm opinion, does not lack integrity. If there is any kind of a lack in this body, of which I am very proud to be a Member, I would say it is a lack of sufficient intelligence for our weighty tasks. I always qualified my statements when I said that by including myself in the membership, thereby bringing down the average, and I also stated that this was not a disparagement of the membership of the body but rather was due to the transcendent importance and bewildering perplexity of the problems dependent upon our solution.

This is probably the very thing the gentleman from Texas [Mr. SUMNERS] had in his mind here 15 or 20 minutes ago.

Because we are confronted today with problems of tremendous significance, I think more than human intelligence will be required for their proper solution. I preface my remarks this afternoon, then, by the statement that I wish we might bring our uttermost, united intelligence to bear on these problems with less dissension than we have seen this session.

#### SHALL WE HALT SCIENTIFIC THINKING?

The gentleman from Texas [Mr. SUMNERS] some 20 minutes ago stated he believes we ought to do something about our patent provisions. The fathers wisely provided that a limited monopoly might be given to those inventors and authors who produce machines or ideas of benefit to their fellows. I am not in favor of declaring a holiday on inventions, but I do believe we ought now, since liberal constitutional and statutory provisions throughout these years have made this a nation of Edisons, to modify our regulations so man may not be the victim of the machine—the Frankenstein—he has created, but instead make of it a servant. This means very much in its social implications. We want more labor-saving devices, but we want so to shape our law as to minimize the monopoly we have heretofore granted those who have not been the creators of the ideas and the machines. We want to make society as a whole the beneficiary of these great ideas and discoveries.

Sometime ago I attended a movie entitled "Frankenstein," and was horrified to see a man and his loved ones victims of the man's own creation. This well-known story of Frankenstein is frequently used as an illustration to picture conditions



in our machine age. Some thinkers regard man today as a victim of the machine and speak of "the machine as master of the man." In this period of remarkable invention labor-saving machines have been created, intended as servants of humanity. The traditional burdens of labor have been shifted largely from human beings and placed upon the sinews of steel embodied in the machines. All of this has enormously increased man's power to produce wealth, but the introduction of the machine age and the power age is not an unmixed blessing. Along with it has come deepening poverty. It takes no stretch of the imagination, then, to regard man as in the power of his own inventions.

This brings to my mind, Mr. Speaker, the marked contrast in the development of the two great fields of human knowledge, namely, man's knowledge of the physical world and man's knowledge of himself. In our day we have seen marvelous strides in the knowledge of the physical sciences but a lesser degree of progress in the field of the social sciences. Consider, for instance, the vast gulf in the knowledge of electricity between Benjamin Franklin of 150 years ago and Edison or Steinmetz of our times. Can we truthfully say that the wisest statesman of today is as far ahead of James Madison or Alexander Hamilton as Edison is ahead of Franklin? It is because the scientist has run ahead of the statesman in the acquisition of his particular kind of knowledge that we have arrived at this state of affairs which is so perplexing to my colleague from Texas. This lag in practical knowledge of all the social sciences makes us feel that we ought to call a halt on the progress of the physical scientists until humanity can adjust itself to the newly acquired knowledge of natural laws and devices.

The question is often asked, "Is this the best of all possible worlds?" The answer is inevitably "No." If the founders of this republic could have seen in a vision the marvelous machinery and equipment which we are using today, they must undoubtedly have dreamed that ideal social conditions would accompany such ideal physical conditions. How sadly disappointed they must be. In the midst of increasing control over Nature and increasing means of producing wealth, deepening poverty has come. Today we almost fear to utilize a mechanical cotton picker and even doubt the wisdom of using the mechanical corn husker or the combined reaper and thresher because of the misery accruing to many and happiness apparently to so few.

Is a young person today to be congratulated on being young? Is the future rosy hued or gloomy for those who are just coming on the stage of action? Are we going to be able to utilize to the full all of the inventive genius of our people, the scientific knowledge of the laboratory workers and the practical artisans in the crafts and trades? I feel that this answer depends upon the legislation which is enacted here in the near future and in the legislative bodies throughout the country. Technology has pointed the way to a glorious prospect. Will the legislators of this country be able to shape the laws governing our society in such a way as to minimize the suffering incident to readjustments following inventions and maximize all of the benefits made possible through this scientific advance?

We are cowardly if we say it cannot be done, but I can readily understand the doubts and fears of the wisest among us when he contemplates the magnitude of our task. Therefore, Mr. Speaker, I would not hamper the scientific mind, but rather encourage it and try to bring harmonious action between the inventor and the lawmaker, both working together for social and material improvement of our people. [Applause.]

[Here the gavel fell.]

THE LATE MARQUIS GUGLIELMO MARCONI

The SPEAKER laid before the House the following communication from the Clerk of the House:

NOVEMBER 18, 1937.

The SPEAKER,

*The House of Representatives, Washington, D. C.*

SIR: For information of the House, I have the honor to transmit herewith correspondence relative to the transmission through official channels to Her Excellency Marchioness Marconi and to the

family of His Excellency Marquis Guglielmo Marconi, the resolution of the House of Representatives expressing the sorrow of the House upon the death of His Excellency Marquis Guglielmo Marconi.

Very truly yours,

SOUTH TRIMBLE,  
Clerk of the House of Representatives.

#### EXTENSION OF REMARKS

Mr. LEWIS of Maryland. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and include therein a letter of the Honorable Henry L. Stimson, former Secretary of State, with respect to the Japanese-Chinese situation, as published in a few papers on October 7, 1937.

Mr. RICH. Mr. Speaker, reserving the right to object, may I ask the gentleman if this has anything to do with the fact we are notifying the people of this country a war exists between China and Japan, and that the President of the United States might also gain this information?

The SPEAKER. Does the gentleman object?

Mr. RICH. I do not, Mr. Speaker.

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. HOOK. Mr. Speaker, I ask unanimous consent that on tomorrow, after the completion of the legislative program of the day and following special orders previously entered, I may address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

#### EXTENSION OF REMARKS

Mr. ROGERS of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a radio speech I delivered recently, together with the statements of the gentlemen who introduced me.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. AMLIE. Mr. Speaker, I ask unanimous consent that on tomorrow, following the remarks of the gentleman from Michigan [Mr. HOOK] I may be permitted to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent that on tomorrow, following the remarks of the gentleman from Wisconsin [Mr. AMLIE] I may be permitted to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. PATRICK. Mr. Speaker, I ask unanimous consent that on Friday next, after disposition of the matters on the Speaker's desk and following the legislative program of the day, I may be permitted to address the House for 15 minutes.

The SPEAKER. The gentleman from Alabama asks unanimous consent that on Friday next, after the disposition of matters on the Speaker's table and following the legislative program of the day, he may be permitted to address the House for 15 minutes.

Mr. RICH. Mr. Speaker, reserving the right to object, may I ask the majority leader if the House is going to be in session over Thanksgiving? Are we going to continue our labors here the rest of the week?

Mr. RAYBURN. I may say to the gentleman from Pennsylvania it is the intention to adjourn over Thanksgiving Day, of course. I have been in conference with the members of the Committee on Agriculture. Whether or not we have a session on Friday will depend, of course, on their wishes. I want to go along with them on what they want, provided they have work to do. I may say, however, I feel certain the only work which could be done in the House on Friday would be general debate on the agricultural bill, if it is in the House.



Mr. RICH. I thank the gentleman.

Mr. WHITE of Ohio. How about Saturday?

Mr. RAYBURN. I do not imagine the Committee on Agriculture would want to continue on Saturday. However, I do not know.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

#### EXTENSION OF REMARKS

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and incorporate therein a copy of the bill to which I referred a moment ago.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RUTHERFORD asked and was given permission to extend his own remarks in the RECORD.

Mr. SHANLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein two extracts from the American Journal of International Law and a short extract from another pamphlet.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. POLK, for 3 days, on account of important business.

To Mr. MITCHELL of Illinois, indefinitely, on account of illness in family.

#### ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 10 minutes p. m.) the House adjourned until tomorrow, Wednesday, November 24, 1937, at 12 o'clock noon.

#### CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 7887) granting a pension to Roxie Francis Coffey and Barbara Jean Coffey, minor children of John Coffey, and the same was referred to the Committee on World War Veterans' Legislation.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FORD of California: A bill (H. R. 8482) to amend the Panama Canal Act; to the Committee on Merchant Marine and Fisheries.

By Mr. HARTER: A bill (H. R. 8483) to repeal the surtax on undistributed profits; to the Committee on Ways and Means.

By Mr. KNUTSON: A bill (H. R. 8484) to terminate the tax on toilet preparations, etc.; to the Committee on Ways and Means.

By Mr. STACK: Resolution (H. Res. 350) to grant 10 per cent veterans' preference in Federal Government positions to veterans who have been decorated with the Purple Heart; to the Committee on the Civil Service.

By Mr. KRAMER: Resolution (H. Res. 362) providing additional compensation for the special assistant in the office of the Doorkeeper; to the Committee on Accounts.

By Mr. LEWIS of Maryland: Joint resolution (H. J. Res. 517) authorizing the President of the United States, in cooperation with other nations, to apply economic sanctions to Japan; to the Committee on Foreign Affairs.

By Mr. HOBBS: Joint resolution (H. J. Res. 518) proposing an amendment to the Constitution of the United States, granting the Congress the power to regulate the production of any and all farm products and to buy and sell

all such products as are capable of being stored for an indefinite period of time without material deterioration; to the Committee on the Judiciary.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BATES: A bill (H. R. 8485) for the relief of William H. Carter; to the Committee on Military Affairs.

Also, a bill (H. R. 8486) granting a pension to Jennie M. Spaulding; to the Committee on Invalid Pensions.

By Mr. CANNON of Missouri: A bill (H. R. 8487) confirming to Louis Labeaume, or his legal representatives, title to a certain tract of land, located in St. Charles County, in the State of Missouri; to the Committee on the Public Lands.

By Mr. DEMPSEY: A bill (H. R. 8488) to provide for the issuance to Perfecto Gallegos, of Las Vegas, N. Mex., of a patent to certain public lands; to the Committee on the Public Lands.

By Mr. DONDERO: A bill (H. R. 8489) for the relief of Fred D. Armstrong; to the Committee on Military Affairs.

By Mr. HANCOCK of New York: A bill (H. R. 8490) granting an increase of pension to Sarah A. Seager; to the Committee on Invalid Pensions.

By Mr. HILL of Washington: A bill (H. R. 8491) granting a pension to Emma Zetta Bowden; to the Committee on Invalid Pensions.

By Mr. KOPPLEMANN: A bill (H. R. 8492) for the relief of Robert Doty; to the Committee on Claims.

By Mr. MOTT: A bill (H. R. 8493) for the relief of Clara A. McCracken; to the Committee on Claims.

By Mr. RANKIN: A bill (H. R. 8494) for the relief of Joe Crisp; to the Committee on Naval Affairs.

By Mr. TAYLOR of Tennessee: A bill (H. R. 8495) for the relief of O. C. Ousley; to the Committee on Claims.

Also, a bill (H. R. 8496) granting a pension to Henry A. Settle; to the Committee on Pensions.

Also, a bill (H. R. 8497) granting an increase of pension to Nannie A. Bell; to the Committee on Invalid Pensions.

By Mr. THURSTON: A bill (H. R. 8498) granting an increase of pension to Netta Adams; to the Committee on Invalid Pensions.

By Mr. VOORHIS: A bill (H. R. 8499) for the relief of W. F. Yerian; to the Committee on Naval Affairs.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3420. By Mr. CURLEY: Petition of the New York Board of Trade, regarding proposed legislation on reorganization of the executive department of Government; to the Select Committee on Government Organization.

3421. Also, petition of the New York Mercantile Exchange, New York City, urging adoption of House bill 3144 to levy an excise tax on imported egg products; to the Committee on Ways and Means.

3422. By the SPEAKER: Petition of the Philadelphia Committee for Industrial Organization, relating to wage and hour legislation; to the Committee on Labor.

3423. By Mr. MAGNUSON: Petition of 10 student organizations located on the University of Washington campus, at Seattle, protesting against the present slash in National Youth Administration funds and regarding that slash as an extremely short-sighted policy which jeopardizes the educational opportunities of American youth; to the Committee on Banking and Currency.

3424. By Mr. ANDREWS: Petition of residents of Buffalo, N. Y., favoring enactment of House bill 3140; to the Committee on Interstate and Foreign Commerce.

3425. Also, petition of residents of Buffalo, N. Y., protesting against the increase of taxes on foods of any description; to the Committee on Ways and Means.